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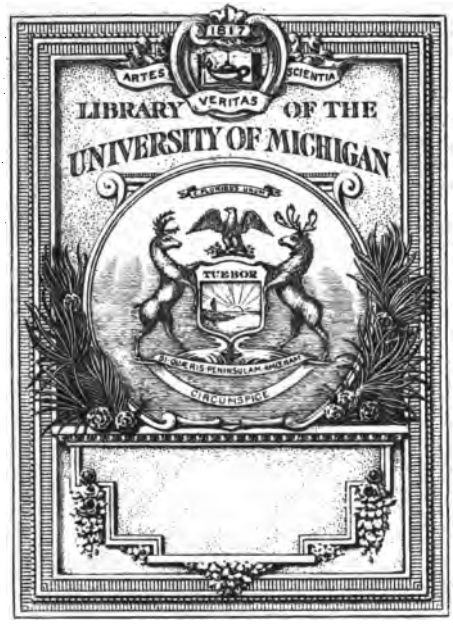
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Killarney, St. Helier,
Jersey, 20th April, 1912.

The Double Standard Money System

Inter-Temporary Values

Or

The Distribution of the Produce in Time

By JAS. C. SMITH

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Money and Profit-Sharing

or

The Double Standard Money System

BY

JAS. M^as C. Carmichael SMITH

AUTHOR OF "THE DISTRIBUTION OF THE PRODUCE;" "INTER-TEMPORARY VALUES, OR THE DISTRIBUTION OF THE PRODUCE IN TIME;" "THE TRUST AND THE GOLD TRUST;" AND "ABUNDANCE AND HARD TIMES"

"The whole succession of men during the course of so many centuries should be considered as one Man, ever living and constantly learning."—PASCAL.

"Understand the Order made by Man, by the light of the Order found in Nature on which Man's Order depends; with a view to improve the former, and to submit to the latter."—COMTE.

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PREFACE

THROUGHOUT the preparation of this *fragment*, which is now offered to the public as a contribution to the discussion of the *Money Problem* and the *Labour Problem*, this writer has endeavoured to subordinate all other considerations to the desire (1) to make a popular presentation of a scientific subject rather than a scientific presentation of a popular subject; (2) to accept as far as practicable the generally received nomenclature of economic science; (3) to present the subject briefly, and as far as practicable and consistent with the truth, as it manifests itself to him, in the language and from the points of view which have been most generally accepted as rational "at the bar of common sense"; (4) to avoid giving undue prominence to phases of the science, not immediately connected with the particular questions discussed, which tend to give rise to fruitless disputes among economists, emphasising rather those phases concerning which there is substantial agreement; (5) and to avoid making a representation of economic phenomena which might create an impression in the minds of any class or sub-class of society that they have been, or are being, deliberately and intentionally oppressed or defrauded by any other class or sub-class of society: the

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outcome of reforms brought about by pitting the egoistic interests of one class or sub-class, against the egoistic interests of another class or sub-class of society does not appear to warrant the belief that such a method facilitates the establishment of "Peace and goodwill among men." "*A house divided against itself cannot stand.*"

The Appendices have been embodied as a means, not only of illustrating the particular economic questions discussed, but also of exhibiting this writer's *idea of society* as an organism, and the relation which the department of economy, and the other organic departments, bear to each other and to the organism of society.

According to this *idea* we are required to apprehend society as existing *in* nature, and yet as being distinct *from* nature. This is a fundamental distinction discovering the natural (physical) order of phenomena and the social (speculative) order of phenomena as being seemingly opposite in their tendencies, and contradicting each other, yet, nevertheless, as fulfilling each other, as being the reciprocals of each other, in that they are unified in the universal order of phenomena.

The law of the natural order is the law of the survival of the physically, animally, fittest; the law which says, "An eye for an eye, and a tooth for a tooth"—the law of egoism.

The law of the social order is, or should be, the law of the survival of the morally, intellectually, fittest; the law which says, "If thine enemy hunger, feed him; if he thirst, give him drink"—the law of altruism.

From the at-one-ment of these two laws, allowing each its full weight of influence, proceedeth the law of the universal order, the law which says, "As ye would that men should do unto you, do ye also unto them;" *and*, "As ye would not that men should do unto you, do ye not unto them"—the law of reciprocity, the law of co-operation, the law of humanity.

Again, according to this *idea* of society, we are required (1) to apprehend society as a unit, as a single organism; (2) to apprehend society as divided into three organic departments; and (3) to apprehend these departments as subdivided into sections and functions.

To indicate the *view* of society, or of any department, section, or function thereof, apprehended as *a unit*, as a single organism, the term objective is used.

To indicate the *view* of any department, section, function, or member of society apprehended as a *constituent unit* of society, or of any compound social organism, the term subjective is used.

(1) To indicate the phase or condition of society apprehended as unifying itself so as to become a single organism, or the phase or condition of any department of society apprehended as unifying itself so as to become a single organism, the term organisation is used.

(2) To indicate the phase or condition of society apprehended as separating itself into departments, the term departmentisation is used.

(3) To indicate the phase or condition of any

department or section apprehended as subdividing itself into functions, the term functionisation is used.

Of the functions of any organism some are for the purpose of (1) *governing*—directing and controlling; some are for the purpose of (2) *moving*—transporting, or circulating; and others are for the purpose of (3) *using*—expending, or consuming the materials, or produce necessary for its sustenance, fecundity, and continuity. The terms *government*, *movement*, *usement*, are used for the purpose of distinguishing these three classes of functions.

The *physical* (objective and subjective) section of Political Economy, dealing with *quantities* of commodities, is subject to the law of the natural order.

The *speculative* (objective and subjective) section of Political Economy, dealing with *values* of commodities expressed in terms of money, is, or should be, subject to the law of the social order.

The at-one-ment of these sections of Political Economy is attained unto and maintained in the degree in which, anywhere and at any time, the actual economy of society conforms to, corresponds with, and is thereby made subject to the law of the universal order.

The conception of economic phenomena as being divided into physical and speculative categories, and subdivided into objective and speculative categories, is not regarded by this writer as being inconsistent with the teachings of the masters who have created the science of Political Economy, and brought some

light out of darkness, and an order out of the previously existing chaos.

If such a conception of economic phenomena be irrational its immediate exposure will prevent this writer from wasting any more precious time in developing such a conception. But if the conception be rational it cannot but help to further the development of the science. Whatever of truth there may be either in the proposed solutions of the particular problems discussed, or in the general view of the science presented, will, in the white light of impartial criticism, be speedily detached from the errors which are the consequences of the subjective limitations of the writer.

It is admitted by *all* that the economic organism of society is, somewhere and somehow, defective; the need of the ever present hour is that this organism be carefully, diligently, thoroughly, and dispassionately examined; and such defects as may be proven to exist therein, and for which efficient and sufficient remedies can be prescribed, be treated with the least possible delay and according to the methods which may reasonably be calculated to produce the *minimum of friction*, in those parts of the organism most immediately affected, and also in the organism as a whole, with the *maximum of correction* in the defective parts of the organism. It is only thus that we shall be able to enter into "the rest that remaineth." When this truth shall have been accepted by "the consensus of the competent," when, for all practical purposes, unanimity shall have been reached with reference to

any particular reform, then legislation, making the principles of such reform incarnate in society, is the order of the day, otherwise there will be *schism* engendered within the body of society, and our aim and object is, or should be, to attain unto and to maintain the unity of society.

This fragment has been written by one who has but very little leisure to devote to the investigation of complex social subjects. The writer is conscious of its incompleteness, and of its many other literary defects. He trusts, however, that an indulgent public will not be too severe in its judgment because of these defects. He must also apologise for the degree of positiveness with which he has written upon subjects concerning which it is manifestly much easier to fall into error than to discover truth.

KILLARNEY,
ST. SAVIOUR'S ROAD, ST. HELIER,
JERSEY, *July*, 1908.

SUMMARY OF CONTENTS

THIS book deals with a criticism on the DOUBLE Standard Money System (which must NOT be confounded with Bimetallism), as set forth in "Inter-Temporary Values" and "The Trust and the Gold Trust," which appeared in the *Bankers' Magazine* for September 1907, and draws attention to the very injurious consequences, to the industry and commerce of the nations, of the continuous violent fluctuations in prices, resulting, in ever increasing frequency, in the crises and the panics, which have prevailed throughout the West ever since the monetary legislation, of the period from 1871–73 to the present time, began to be effective, which has destroyed, for international monetary purposes, the use of one half of the world's supply of the precious metals.

It also deals with the problem of Profit-Sharing as a means of reconciling the subjective divergencies of the particular and temporary interests of employers and employees which are, for practical purposes, more noticeable than the objective harmonies of their general and permanent interests, these being more obscure and remote from the immediate concerns of every-day life.

The objects aimed at and pointed out in this book, and in the other economic writings of the author, are:—

(1) That Values are distributed in Time as well as in Space, and vary in Time as well as in Space, thereby necessarily giving rise to the distinction between:—

(*a*) Contemporary Values,
and
(*b*) Inter-Temporary Values,

similar to the recognised distinction between :—

(*c*) Local Values,
and
(*d*) International Values.

(2) That the exchange value of Money varies *inversely* with the exchange value of Commodities, therefore Money ALONE cannot be either a just or an equitable standard for the regulating, adjusting, and settling of INTER-TEMPORARY BUSINESS TRANSACTIONS.

(3) That, besides its *fluctuating* exchange value or general purchasing power, Money, UNLIKE ALL OTHER ARTICLES OF WEALTH, has *fixed* legal-tender value or GENERAL DEBT-PAYING POWER created by statute law.

(4) That the regular and normal operations of Section 6 of the Coinage Act, 1870, and the other provisions of the laws regulating the legal-tender or general debt-paying functions of money, regulating the settlement of all INTER-TEMPORARY TRANSACTIONS OR DEALINGS, exacts either more or less than the just and equitable claim, accordingly as the *circumstances* of production and exchange, during the period, from the inception to the maturity, of an inter-temporary transaction or dealing, *have depressed or elevated prices.*

(5) That the intermittent but *permanent tendency* of Money is to APPRECIATE in exchange value, as the *progress* of the economic arts—industrial, commercial and financial *efficiency*—reduces cost of production, and as *abundance* reduces price.

(6) That under the existing legally established economic order, for practical business purposes working-men are divided into three great groups :—

(*a*) Capitalists *or the Creditor Classes,*
(*b*) Entrepreneurs or Employers,
and
(*c*) Labourers or Employees.

That the active business of production and exchange is carried on by the Entrepreneurs' or Employers' Group, who

secure for themselves the direction and control of the whole of both the capital and labour of the nation, and also the legal custody and control of the whole of the produce resulting from the general economic co-operation of all classes of working-men, by undertaking IN ADVANCE to pay:—

(*d*) *Fixed sums of money* to Real Estate Merchants, Bankers, Common Carriers, &c. &c., in the form of Rent, Interest, Freight, &c. &c., as value in exchange for the services of these economic functionaries, and for the use of their fixed and circulating capital, that is, for the use of their wealth employed in the production and exchange of wealth;

(*e*) *Fixed sums of money* to Labourers, in the form of Salaries or Wages, as value in exchange for the services of those economic functionaries who are employed in the direct and immediate handling of the material and instruments of production, that is, the fixed and circulating capital employed in the work of the production and exchange of wealth—*in full satisfaction of all the claims of both the Capitalists' and Labourers' Groups of working-men upon the whole of the final product* of the general economic co-operation of all the classes of the three great groups of working-men.

(7) That the practical effect of this legally recognised economic arrangement enables the Entrepreneurs' or Employers' Group, *directly and immediately*, to appropriate for their own use exclusively the whole of the Profit, or Surplus Produce, resulting from the general economic co-operation of all classes of working-men.

(8) That the practical effect of the intermittent but PERMANENT TENDENCY of Money to APPRECIATE in exchange value, conjoined with its exclusive and fixed legal-tender

value or general debt-paying power, enables the Capitalists' Group, or THE CREDITOR CLASSES of the nation, *indirectly and ultimately*, to appropriate, for their own use exclusively, an intermittently but permanently increasing, and an excessive and inequitable share of the Profit, the Surplus Produce, resulting from the general economic co-operation of all classes of economic functionaries in the work of the production and the exchange of wealth.

(9) The evil consequences resulting from this exclusive and concentrated appropriation of the whole of the Profit, or Surplus Produce, of the general economic co-operation, by the Capitalist and Entrepreneur Groups of working-men, are :—

(*a*) *The periodic excessive accumulation of wealth* in the hands of the members of these two groups;

(*b*) *The periodic absence of available wealth* in the hands of the Labourers' Group to constitute effective demand for the purchase and consumption of the accumulated wealth; so inevitably, there are :—

(*c*) The ever recurring periods of "Hard Times," of "Trade Depressions," of "Commercial Crises" in the midst of ABUNDANCE.

(10) THE REMEDIES suggested as means for reducing these recognised evil consequences to their lowest terms, *with the minimum of disturbance* to the existing economic order, are :—

(*a*) The legal establishment and generalisation of the Wage Co-operative System of Profit-Sharing—under which both Entrepreneurs or Employers, and Labourers or Employees will participate equally, *each according to his work*, in business profits and losses, and so all the members of these two groups of working-men will be all the time *equally*

interested in the final product of their conjoint work, and the need for resorting to the "Strike" or the "Lock-Out" will cease to exist.

(*b*) The legal establishment and generalisation of the DOUBLE Standard Money System, under which there will be suitable and effective provision made for regulating, adjusting and dividing equally, between Lenders and Borrowers, Creditors and Debtors, *in every inter-temporary transaction or dealing*, the variation of Values in Time resulting from either the appreciation or the depreciation of Money—dividing equally between them, the "Unearned" increment, and the "Unexpended" shrinkage.

(11) It is claimed that the combined influences of the Wage Co-operative System of Profit-Sharing and the Double Standard Money System will popularly, constantly and equitably regulate the distribution of wealth between all classes of working-men, so that the toiling millions, equally with the leisured few, will legally obtain their fair share of the Profit, the Surplus Produce, resulting from the general economic co-operation of all classes of working-men, "UNTO EACH ACCORDING TO HIS WORK."

(12) That this constant periodic wide diffusion of wealth —*one half* of the Profit, the Surplus Produce—among the toiling millions of the Labourers' Group, will constantly and periodically constitute effective demand for *the other half* of the Profit, or Surplus Produce, remaining in the hands of the Entrepreneurs' and Capitalists' Groups, and so will constantly prevent the periodic recurrence of "Hard Times," of "Trade Depressions," of "Commercial Crises" in the midst of Abundance.

(13) That under the DOUBLE Standard Money System, the appreciation or depreciation of money being equally divided between lender and borrower, creditor and debtor,

neither could be the exclusive gainer or loser by the creation of fictitiously high or low prices, so the powerful influences of the Capitalists' and Entrepreneurs' Groups would all the time co-operate so as *to secure the utmost stability of prices practicable.* Those engaged in the Extractive and Constructive industries could then enter upon enterprises, destined to increase the sum of physical wealth available for human use, with a degree of confidence, as to the *money value* of the output, nowhere now attainable, thereby enabling them TO EMPLOY PROFITABLY, and to operate constantly and progressively, THE WHOLE OF THE AVAILABLE CAPITAL AND LABOUR OF THE NATION, and in so doing simultaneously take ONE STEP FORWARD in the direction towards the solution of the MONEY problem and of the problem of the UNEMPLOYED.

(14) In dealing with the economic conditions, now existing throughout the West, the author groups the phenomena into what he regards as the four fundamental categories:—

(*a*) The Physical Category	Representing wealth, and the increase or decrease of wealth, in terms of quantities of Commodities.
(*b*) The Speculative Category	Representing wealth, and the increase or decrease of wealth, in terms of Money.
(*c*) The Objective Category	Representing wealth, and the increase or decrease of wealth, in terms relating to the *ensemble* of the interests involved. The National or Corporate point of view.
(*d*) The Subjective Category	Representing wealth, and the increase or decrease of wealth, in terms relating to the *unit* of the interests involved. The Individual or Personal point of view.

(15) In Appendix E of "Inter-Temporary Values," the practical application of this fourfold grouping of economic phenomena to the actual operations of business, under existing commercial and industrial conditions, has been most exhaustively *illustrated*, and the business results summarised and compared, under:—

(*a*) The existing Single Standard Money System, and under

(*b*) The Double Standard Money System.

(16) In Tables I., II. and III. of Part III. of "Inter-Temporary Values," the persistent evil consequences of the Single Standard Money System, particularly its baneful influence upon the extractive and constructive industries, are pointed out and illustrated by facts obtained from Board of Trade publications; and in Parts VI. and VII. of that work the superior merits of the Double Standard Money System, as a means of *reducing to their lowest terms all fluctuations* in the exchange value of commodities, which are *the source of our constant economic troubles*, are most clearly shown.

The Double Standard Money System

I

In the *Bankers' Magazine* for September 1907 reference is made to a pamphlet containing two essays, by the present writer, entitled "The Trust and The Gold Trust,"[1] as follows: "Mr. Smith regards . . . the exclusive coinage of gold as the standard of value in the United Kingdom and the British Empire as a disadvantage—if we understand him correctly—to all classes except those connected with banking and money dealings. We have, however, to add that if this policy is injurious to all other classes of society, it must, incidentally, be injurious to them, as they only prosper when others are prosperous. Hence we may entirely clear them from any selfish interest in this matter. They simply carry on their business under the direction of the laws of the country, which enjoin the principle of a monometallic standard. Mr. Smith would go further. He would desire to establish an Index Number, to be established by the Board of Trade, according to which prices would be regulated. Impossible as such a standard of value would be to work, the idea is

[1] Messrs. Kegan Paul, Trench, Trubner & Co. Ltd., 1907.

attractive to many minds, and there can be no doubt that the differences in the purchasing power of money, which are constantly taking place, impose great difficulties upon trade. The system of Corn Rent, by which many transactions were regulated, provided for many years an exceedingly good basis of computation, but recent alterations in the cost of production and transport have made this basis an unstable one, and it is much to be doubted whether one more dependable can be found."

In that pamphlet, and more fully and in greater detail, in another entitled "Inter-Temporary Values, or The Distribution of the Produce in Time," there is set forth and illustrated the [1] *Double* Standard Money System, which differs from the existing Single Standard

[1] The DOUBLE Standard Money System must not be confounded with Bimetallism, which offers only an *additional* and an *alternate* metal out of which, unrestrictedly, unlimited legal tender money may be coined *on private account*. Bimetallism practically DOUBLES THE METALLIC MONEY BASES OF ALL THE BANKING TRIANGLES OF ALL THE NATIONS for both national and international monetary purposes. To understand, in some degree, what the doubling of the bases of all the banking triangles of all the nations would mean to *Entrepreneurs*, seeking unsuccessfully to borrow Capital for the increase and expansion of solid business enterprises, and consequently to unemployed Labourers, seeking work and finding none, please see the paper read by Mr. E. H. Holden, M.P., Managing Director of the London City and Midland Bank Limited, before the Liverpool Banking Institute in December 1907, extracts from which will be found in Appendix No. VI. on pp. 191–195. See also pp. 207–209 and Table B of Appendix VI.

Under the DOUBLE Standard Money System, in every inter-temporary transaction, there would be legal provision made for determining and *for dividing equally, between lenders and borrowers, creditors and debtors, any variation in the exchange value of the unlimited legal tender money metal or metals at the* MATURITY *of the transaction, as compared with the exchange value of such money metal or metals at the* INCEPTION *of the transaction.*

The *Single* Standard Money System exists to-day throughout the

Money System—whether monometallic with a single monetary unit, or bimetallic with a double monetary unit—in that it contemplates—

1. The creation of a Department of Values as an annex to the Treasury or Board of Trade.
2. The publication by the Department of Values—
   (*a*) *Daily*—of an Official Price Current, embracing all of the forty-five representative articles of physical wealth, the prices of which now form the basis of the Board of Trade Index Numbers.
   (*b*) *Monthly*—of Index Numbers similar to the Board of Trade General, Group and Special Index Numbers.
3. The legal distinction between *contemporary* and *inter-temporary* transactions.
4. The legal definition of what shall be deemed an inter-temporary transaction (as has been done for purposes of discussion only on pages 29 and 30 of "Inter-Temporary Values," and on pages 43 and 44 of "The Trust and The Gold Trust").

West, in India, and in Japan, resting, for *international* monetary purposes, upon Gold Monometallism *exclusively;* and the *Single* Standard Money System existed throughout the West and in India prior to 1871–73, resting, for both national and international purposes, upon Silver and Gold Bimetallism at the legally established ratio, practically, from and after 1803, of 15·5 of Silver to 1 of Gold, or at any of the other ratios of exchange mentioned in Appendix No. VI., p. 217.

Under the *Single* Standard Money System it is decreed *by law* that, in every inter-temporary transaction, *the settlement shall be according to the exchange value of the unlimited legal tender money metal or metals* ALONE *at the* MATURITY *of such a transaction, and not otherwise; without any reference whatever to the exchange value of the money metal or metals at the* INCEPTION *of the transaction.*

5. The amendment of Section 6 of "The Coinage Act, 1870,"[1] so that "suitable and sufficient provision may be made requiring that in every inter-temporary transaction there shall be (1) a double standard of value—(*a*) money, and (*b*) some other article of physical wealth *other than gold* (or, in the event of the re-establishment by international agreement of the monetary conditions which existed prior to 1871–73, *other than gold or silver*) to be selected, agreed upon, and recorded at the *inception* of the transaction; requiring also that at the *maturity* of such a transaction there shall be (2) an equal division, between creditor and debtor, between lender and borrower, of any variation in the value of the article of physical wealth so selected, agreed upon, and recorded, in comparison with money, as determined from an *Official Price Current*, embracing every staple article of industry and commerce, to be published *daily* by the Board of Trade, in the same manner as the prices of wheat, barley, and oats are now regularly published in the *London Gazette*, for the purpose of regulating and determining the sum of money (speculative wealth) payable to the *tithe owner* under the provisions of the Tithe Commutation Laws.

For determining standard value at the time of the periodic or final payment of the principal and interest due on account of national or municipal loans, the Board of Trade *General* Index Numbers could be used, together with money, in all such transactions; and any

[1] See Appendix I., p. 145.

of the Board of Trade *Group* Index Numbers could be used, together with money, in any transaction where the joint interests involved would thereby be more equitably represented and adjusted than by the use of any single article of physical wealth together with money."[1]

Under the *Double* Standard Money System business dealings would take place, exactly as at present, between man and man direct from start to finish—from the inception of every inter-temporary transaction until its maturity.

At the inception of every inter-temporary transaction, all that would be required, in addition, in any contract entered into under an amended section 6 of "The Coinage Act, 1870," would be the selecting and recording of some article of physical wealth, or an Index Number, as the REGULATOR for adjusting and distributing, between the parties to the contract, at the time of settlement, any variation in the value of the *Regulator* article which may take place, between the date of the inception and the date of the maturity of the contract.

At the maturity of the transaction, when the settlement is about to be made, the parties to the contract would refer to the *Official Price Current* or the *Index Numbers* to note the variation in the value of the *Regulator* article, and by means of the simple calculations[2] shown on pages 32 to 34 of "Inter-Temporary Values,"

[1] "The Trust and The Gold Trust," pp. 44 and 45.

[2] See Appendix II., pp 158–162.

and on pages 46 to 50 of "The Trust and The Gold Trust," distribute this variation of value equally between themselves. The *Double* Standard Money System is therefore not less popular and automatic in its operations than the existing Single Standard Money System. Under each system the authoritative function of the State would be DECLARATIVE only in all matters relating to money and to other business standards.

As navigators now regulate their chronometers, and sail the high seas, aided by Greenwich *Standard Time* and the other publications of the astronomers installed at the Greenwich Observatory; so, under the Double Standard Money System, business men would manage and settle their inter-temporary dealings with the aid of the Official Price Current, declaring, from day to day and every day, what is the STANDARD PRICE of each of the forty-five representative staple articles of physical wealth, and of such other relative publications of the economists who, under the Double Standard Money System, would be needed and installed at the Department of Values.

The SETTLEMENT POINT being, everywhere and always, *the mean* between the standard price of the Regulator article *at the inception* of the transaction, and the standard price of the Regulator article *at the maturity* of the transaction, as shown in the Official Price Current.

The Single Standard Money System as embodied in the Act 33 Vict., cap. 10, which is essentially a modern edition of the Act 56 George III., cap. 68, is based

upon the legal fiction, that "gold is of the same value all over the world" and at all times; and it fixes £3, 17s. 10½d. per oz. as the legal-tender-value or general debt-paying-power of gold, however its exchange value or general purchasing power may vary.

It attempts to establish a legal monetary order resting upon the *fiction* of the fixity of the value of gold, a *fiction* contrary to the realities of the known monetary order, *as manifested* on the markets and exchanges of the world, which prove that the variations of the value of gold, in space and in time, are as diverse as the variations of the Price Currents which are published broadcast every day throughout the length and breadth of the whole realm of economic effort.

Ignoring the realities of the market and the exchange, which show the incessant variations in the value of gold, the law establishing the Single Standard Money System has, in aiming at an impossible fixity of value in gold, neglected to make any provision whatever for adjusting and distributing, according to some "reasonably mutual principle," the inevitable variations which are continually taking place in its value, and so under the existing money system the fluctuations in the value of all articles of wealth attain unto their maximum dimensions.

On the other hand the *Double* Standard Money System resting upon the realities of the market and the exchange, which prove that the value of gold is—

1. Constantly varying in space and in time.
2. That it varies *inversely* in its relation to every

other article of physical wealth, and so *cannot* be, as the single and exclusive standard, either an equitable or an accurate representative of commodities—physical wealth.

3. That, simultaneously, it varies inversely and diversely in its relation to different articles of physical wealth.

These variations are so numerous, and their interrelations are so complex, that no one can *foreknow* what the range of prices will be thirty, sixty, or ninety days hence; no one can *foreknow* what will be the price of any single article of physical wealth thirty, sixty, or ninety days hence.

"*We cannot see the distant scene*," we cannot foreknow how the Price Levels of any of the different articles of physical wealth will vary, even from day to day. All that we can *foreknow* is that there will be variation in their value.

THIS VARIATION—whose magnitude and movement, up or down, is unknown and unknowable at the time of the inception of every contract, so that in every inter-temporary transaction one of the essential terms of the contract is equally unknown and unknowable to both of the parties thereto—IS THE ELEMENT OF CERTAINTY which we all can foreknow.

The *Double* Standard Money System provides suitable and sufficient means for distributing between the parties to any contract at its maturity this variation of value, whatever may be its magnitude and

movement, up or down, which at its inception was equally unknown and unknowable to them.

The effect of such an amendment to the legal tender provisions of the money laws of the country would be to ensure the utmost co-operation between the capitalist and *entrepreneur* groups, for the purpose of securing the utmost stability in prices, and to use their combined influences to *expel the pure and simple gamblers* from the markets and exchanges of the world.

By providing a Regulator for continually adjusting and distributing equitably all the variations of value in time, the *Double* Standard Money System would neutralise the evil consequences now proceeding from the operations of the *legal fiction*—that either gold or silver money has a fixed and invariable value in time and in space—and would control those operations so as to bring them into harmony with the *economic realities* of the market and the exchange, and reduce the fluctuations in the value of all articles of wealth unto their minimum dimensions.

II

In the writings referred to herein there has been pointed out as follows :—

1. That value, simply described in terms of money, as "£1," or "$1," is not a definite expression or representative of wealth, unless we know also the general purchasing power of either "£1," or "$1,"

that is, unless we know the quantity and the quality of specified articles of physical wealth (commodities) for which either of these articles of speculative wealth (money) will, at any specified place and time, exchange.

2. That values distributed in time are neither accurately nor equitably measured by money *alone*, under the existing Single Standard Money System, which decrees that all *inter-temporary* transactions shall be discharged or settled, according to the exchange value of money *alone* at the time of the *maturity* of such transactions, any more than they would be either accurately or equitably measured under a Single Standard Money System which, unlike the existing system, decreed that all inter-temporary transactions should be discharged or settled, according to the exchange value of money *alone* at the time of the *inception* of such transactions.

3. That under the laws of the nations, establishing the existing Single Standard Money System, whether monometallic with the single monetary unit, or bimetallic with the double monetary unit, there is no provision made for regulating and adjusting the variations of value in time (which no one can *foreknow*), which are the inevitable consequences of the fact that the exchange value of money—speculative wealth—varies *inversely* with the value of all other commodities—physical wealth—rising as the value of commodities falls, and falling as the value of commodities rises.

4. That under the existing Single Standard Money

System, in an economic State resting upon (*a*) the institution of private property; with (*b*) a medium of exchange whose value varies *inversely* with the value of the commodities to be exchanged and distributed for human use; which medium of exchange is also (*c*) the active instrument regulating the distribution of *contemporary* wealth; and, as the legal tender, is (*d*) the *exclusive* instrument regulating the distribution of inter-temporary wealth; money, unlike all other articles of wealth, has, besides its ever-varying exchange value or general purchasing power, legal-tender-value or general debt-paying-power *created by law*, so that every ounce of gold money where the laws of the country enjoin the principle of a monometallic standard, or every ounce of gold money and every ounce of silver money where the laws of the country enjoin the principle of a bimetallic standard, with *free coinage* of gold and silver *on private account*, has, everywhere and always, a *fixed* legal-tender-value or general debt-paying power, however the exchange value or general purchasing power of gold or silver may vary.

5. That, under such legally established monetary conditions, the *particular and immediate* interests of the various groups and sub-groups of working-men (into which an economic State spontaneously divides and subdivides itself to accommodate itself to the ever-increasing diversity of industrial, commercial, and financial functions, which is one of the consequences of the ever-progressive applications of science to every sphere of human effort) tend to diverge from

each other so greatly, and sometimes so violently, that it has become necessary, throughout the West, for each of the great groups and sub-groups to organise their human and material resources, and to keep them in readiness to avert internal economic strife, or to wage internal economic war;[1] and even at

[1] Extract from the *Daily Telegraph*, 3rd October 1907 :—

GREAT LABOUR WAR.

Mr. G. J. Wardle, M.P., writes in the current issue of the *Railway Review*, the official organ of the Amalgamated Society of Railway Servants :—

"It is rumoured that an attempt is to be made to crush the Amalgamated Society of Railway Servants. It is also rumoured that a strictly refined or limited recognition will be suggested as a basis of settlement. If the former rumour is true we are in for the greatest labour war of modern times—a war in which the very existence of trade unionism on railways will be at stake. If such a war is forced the railwaymen will not stand alone. The whole trade union world will be with them, and I venture to assert that it will be the severest contest ever fought out in this old country of ours. I cannot believe it. Trade unionism on railways has come to stay, and to stay not as the pariah of trade unionism, the great unrecognised, but as a factor making for improvement, as an entity having a voice in the destinies of those who labour. Personally I am much disposed to accept the latter suggestion. . . . The other form of the rumour is that the limited recognition which has been granted to the various postal organisations will be proposed. They strictly define the points on which the men's organisations are to have the right to approach the Postmaster-General, and preserve the individual rights of every man in the postal service to deal with his own individual grievance. . . . In all the circumstances I incline to the view that the companies will not push the matter to extremities until some attempt has been made to arrive at a peaceful settlement."

The railway system of Great Britain has been built up and developed, under the authority of Acts of Parliament, as a means of providing an efficient and dependable service of land transportation for the use and convenience of the industrial, commercial, and domestic life of the nation.

It is true that the system has been built up and developed by the expenditure of an enormous amount of capital, estimated at over £1,000,000,000 sterling, on the part of particular sections of the groups

a time when external political and economic pressure are operating upon the nation with an ever-accumu-

of capitalists and *entrepreneurs*, co-operating with the many grades of workers of the labourers' group.

The particular and immediate interests of the sections of the capitalist, *entrepreneur*, and the labourer groups who, as employers and employees, operate the railway system of the country, are (1) for the employers to earn as high a rate of interest and profit as is possible—in accordance with the national legislation limiting passenger and freight rates—on their investments; and (2) for the employees to earn as high a rate of wages as the profitable condition of railway investments may, from time to time, render practicable; so that they may obtain, *in anticipation* as part of their wages, as large a share as possible of the profits arising from railway operations.

It ought, however, to be as impossible for two groups of men (sitting behind closed doors and passing resolutions—representing respectively the interests of the *entrepreneurs* and the labourers, whose chief duty should be to provide an efficient and dependable transportation service, but who are often disputing *among themselves* about the *division of the earnings* of the railway system, that is to say, about how the money, which the travelling and shipping public pay to them as value in exchange for the provision of such a transportation service, shall be divided *among themselves*) to be in a position to suspend or disorganise the whole railway transportation service of the country for a single hour, as it would be, for the same two groups of men, to suspend the human and vehicular traffic of the Strand or Ratcliffe Highway.

> "Fair and free night and day,
> Fair and free is the King's highway."

Movement involves waste; *objectively* considered there can be no profit in transportation. If a farmer loads a ton of wheat on to the train to be hauled to market, when it gets there it may be *less* than a ton, but it can never be more than a ton, and the money, paid by the farmer to the railway company, is value in exchange for the then *subjective* advantage, to the farmer, of location.

One of the fundamental objects aimed at, in every improved system of transportation, is to reduce the waste involved in movement to its lowest terms.

When, therefore, the transportation service, over the whole, or any part of the railway system, is threatened with suspension or disorganisation, it becomes necessary to remind the rival railway Barons that the travelling and shipping public, who provide the money about which they are disputing, have interests involved, of much greater magnitude than the whole of the

lating force, we have different groups of members of the economic body divided against each other,

earnings of the railway system, and that they are bound to respect these interests of the people out of whom their whole earnings and incomes are obtained.

When there is a suspension or disorganisation of the railway transportation service, one of the fundamental objects for which the railway system has been developed—to reduce to its lowest terms the waste involved in movement—is defeated.

Instead of partial and irresponsible "picketing," by men drawn from the armies of the contending Barons, there should be impartial and responsible *special* "policing," by the duly constituted authorities of the area affected by a "strike" or "lock-out," so that every manifestation of violence, or other forms of lawlessness, may be promptly dealt with, and order resolutely maintained.

At the end of the "strike" or "lock-out" the authorities, who had provided the men for the special policing of the affected area, should make out the bill of costs.

One half of the bill of costs should be a first charge upon the funds of the section of the *entrepreneurs'* group affected by the "strike" or "lock-out," and the other half should be a first charge upon the funds of the section of the labourers' group affected by the "strike" or "lock-out," and, in case of need, be collectible, in the usual manner, by regular process, in the ordinary courts of the nation having jurisdiction up to the amount of either of these claims.

We have entered upon an age when, within the economic order, the individual has been superseded by the corporation; in which corporations deal with corporations and not individuals with individuals; and doubtless unionism will gradually come to be recognised throughout the whole economic world.

As the corporate organisation of capital is necessary to secure efficient production, so the corporate organisation of labour is necessary to secure just distribution.

But the power of all the economic Barons, whether capitalists, *entrepreneurs*, or labourers, must be curbed by the nation, and reasonable limits placed upon their at present practically unrestrained activities, bringing them, not only in harmony with the permanent and equally important interest of that vast mass of the population to whom economic considerations, though even needful, are not the paramount influences regulating their lives and their work, but also in subordination to the authority of the central and general institutions of the State representing the permanent interests of the whole nation.

The opportunity, for curbing the power of these Barons, and of reason-

and either one group, or another group, more and more loudly declaring that, within the economic body, they

ably limiting the area of their activities in harmony with the general interests and in subordination to the authority of the duly constituted and regularly established institutions of the nation, comes *whenever* either of these rival sectional groups, having in a conflict "scored" an economic advantage over the other, applies to Parliament to get that advantage confirmed and ratified by the supreme central authoritative organs of the whole nation, so as to guard against the loss of that advantage in some future conflict. *Then* is the time to suggest to these Barons the urgent need of strengthening the supreme central organs, which are the ultimate arbiters in all the disputes of these conflicting factions, and to bring under their notice the saving virtue of the good old rule of *obedience* in this relation.

The army of labourers, like every other army, "marches on its stomach." The measure of its strength is the measure of its food supplies.

In a war between labourers and *entrepreneurs*, their strength is as the amount of their respective war funds, and we must always remember, and never for one moment forget, that the bulk of the food supplies are very largely in the custody and under the control of various sections of the *entrepreneur* group.

In the event of a "strike" or "lock-out," the measure of the strength of the section of the labourers' group affected by the "strike" or "lock-out" is, in proportion, as the amount of food supplies purchasable by their available war fund is to the number of men and their families who must be fed during the whole period of the "strike" or "lock-out."

The measure of the strength of the section of the *entrepreneurs'* group affected by the "strike" or "lock-out" is, in proportion, as the total amount of their available war fund is to total the amount of interest earnable by the capital invested at the current rates and of profits reasonably anticipated as the result of business operations under normal conditions during the whole period of the "strike" or "lock-out."

The *entrepreneurs'* group are immeasurably stronger in economic fighting resources than the labourers' group, and on account of this economic weakness of the labourers' group they can, with confidence, count upon the sympathy of the humane public, who are prone to side with the weaker against the overwhelmingly stronger party in any struggle.

But we look forward to a better order when these manifestations of economic skin disease, these surface blemishes, will gradually disappear (under internal and constitutional treatment *vid* the blood stream, coupled with external and local applications to soothe and allay the inflammation of the exposed parts) as the spots gradually disappear from the body of a person recovering from eczema.

are *not* "all members one of another," and that they are not rewarded *each according to his work.*

6. In "The Trust and The Gold Trust" the question: What—within a State resting politically upon personal freedom, and economically upon the institution of private property—should be the normal economic relations between *entrepreneurs* and their employees? is also considered; and in attempting to show, in some degree, how the economic interests of the three great groups of working-men—capitalists, *entrepreneurs*, and labourers—act and react upon each other, it will be necessary to refer to the Wage-Co-operative System of Profit-Sharing, which has been advocated in one of the essays in "The Trust and The Gold Trust" (but more fully and in greater detail in two other works entitled "The Distribution of the Produce," and "Abundance and Hard Times"[1]) as being the normal relations which should exist between *entrepreneurs* or employers, who, in business, make up, or represent the capitalists' group; and their employees, who make up the labourers' group.

"The requisites of production are two: labour and appropriate natural objects." Work is impossible without the simultaneous presence of (1) materials or instruments upon which or with which human activity may be systematically employed or expended; and (2) human beings to employ or expend systematically their activity upon or with the materials or instruments.

The materials or instruments, whether embodied in

[1] Messrs. Kegan Paul, Trench, Trubner & Co. Ltd., 1892 and 1908.

outward objects or human beings, are capital; and the human activity, whether "muscular or nervous," is labour.

Capital + Labour = Work.

Capital is the accumulated stock of wealth destined to be used in facilitating the production of wealth; it is wealth existing and immediately available for human use; it is wealth produced and accumulated by past industry.

Capital is the inheritance of the present from the past. Capital is industrial solidarity.

Even where man appropriates the spontaneous products of nature, these must first exist before they can be appropriated. In the chronological order of the manifestation of life on this planet man is the last to appear, and before he appears the food and shelter necessary to sustain and perpetuate human life must exist in sufficient quantities.

This is the eternal physical basis of life, and "all moral and intellectual life rests upon and grows out of the physical." In *the natural* order capital is prior to labour.

Labour is human activity destined to be systematically employed in facilitating the production of wealth; it is human activity the results of which will be for the use of future industry.

Labour is the contribution of the present to the future. Labour is industrial continuity.

If "solidarity . . . is and must be more and more subordinated to . . . continuity," then, in the *social*

order, labour is prior to capital. That this is the social order is manifest, for although wealth or capital must necessarily exist prior to its being appropriated and utilised by man, yet, until man puts forth that activity which we call labour, and the wealth or capital is appropriated and utilised, for all social purposes it is as though it did not exist, and unless such human activity is perpetually put forth the continuity of the human race cannot be secured. "In the sweat of thy face shalt thou eat bread, till thou return unto the ground."

What is production? What is it to produce economically considered? To produce means to make immediately available for human use. (1) The cost of production of land, and (2) the cost of production of the acquired and useful abilities of man—between these two extremes lie all other commodities.

Whoever brings a piece of land into a state fit for cultivation whenever required, that is, whoever clears a piece of land or in any other way makes it immediately available for human use, for all practical purposes, economically considered, produces that piece of land.

Whoever develops the latent abilities of a human being into a state fit to perform efficiently, whenever required, some useful work, that is, whoever by education, in schools or in workshops, makes the latent abilities of a human being immediately available for human use, for all practical purposes, economically considered, produces those abilities.

Production is the making of commodities immediately available for human use.

The cost of making any commodity immediately available for human use is its cost of production.

If the outlay or expenditure necessary for bringing a piece of land into a state fit for cultivation, whenever required, is represented by

5000 lbs. bread at 3d. per lb. . .	£62	10	0
5000 lbs. meat at 6d. per lb. . .	125	0	0
1000 yards of cloth at 1s. per yard .	50	0	0
5000 days labour at 10s. per day . .	2500	0	0
	£2737	10	0

we have an aggregate outlay or expenditure of £2737, 10s. of wealth (estimated in terms of money) as the cost of production of that piece of land.

If the outlay or expenditure necessary for developing the latent abilities of a human being into a state fit to perform efficiently some useful work, whenever required, is represented by

10,000 lbs. bread at 3d. per lb. . .	£125	0	0
10,000 lbs. meat at 6d. per lb. . .	250	0	0
2000 yards of cloth at 1s. per yard .	100	0	0
10,000 days labour at 10s. per day .	5000	0	0
	£5475	0	0

we have an aggregate outlay or expenditure of £5475 of wealth (estimated in terms of money) as the cost of production of those abilities.

Apart from and in addition to the money valuation, the cost of production of the land and of the abilities is

represented by quantities or dimensions of things, and by duration of services; and it is manifest that, whichever valuation we use, the cost of production of the abilities is twice as much as the cost of production of the land.

The advantage of the money valuation being the combination and expression of both quantities or dimensions of things, and of duration of services in terms of a single substance; but at any given place and time, the money valuation of any commodity is equitable or inequitable accordingly as it represents or misrepresents the actual quantities or dimensions of things and the duration of services necessarily expended in the production of that commodity. We have, however, apart from and in addition to money, the quantities or dimensions of things and the duration of services, as "standards" of value.

Why is A, the organist, who works eight hours per diem, paid at the rate of 40s. per diem, while B, the bellows-blower, who also works eight hours per diem, is paid at the rate of only 5s. per diem?

To learn the trade of a bellows-blower requires the outlay or expenditure of less things and of less time of both teacher and learner than is necessary to enable any one to learn the trade of an organist.

This necessary outlay or expenditure, which must be made before the abilities of any human being can be immediately available for human use, determines their value, and consequently, the rate of their remuneration.

The income of every working-man must be sufficient to provide for

(1) Maintenance according to Standard of Living { While Employed and While Unemployed

(2) Rent[1] of, and (3) Insurance of } Capital fixed in Abilities

The Standard of Living being given, the income will vary as the abilities employed represent a greater or less amount of fixed capital in use, and which must, according to its amount, yield the average amount of Rent, and which must also, according to its amount and its liability to waste, be covered by Insurance so as to ensure its continuity.

The rate of incomes vary, not because one working-man labours more than another working-man, nor because, on an average, he consumes or can consume more than another working-man, each considered as a human animal, but because the abilities of one working-man represents a greater or less amount of capital than the abilities of another working-man.

The incomes of working-men are partly Wages for personal service, partly Rent for fixed capital, and partly Insurance of fixed capital, and the variations of incomes represent, not variations of personal service, but variations of that previous outlay or expenditure which is the cost of production of the various grades of ability of different working-men.

Considered simply as animals the necessary con-

[1] See footnote on p. 24.

sumption of one human being may on an average correspond with the necessary consumption of every other human being; but considered industrially and emotionally the consumption of a working-man corresponds with and is limited by his industrial function and his artistic requirements.

A skilled mechanic in any craft requires a greater number of, or more expensive tools than a common labourer in the same craft, and the measure of their culture, respectively, is also the measure of their artistic requirements.

The incomes of working-men are partly for animal or organic consumption, partly for industrial or functional consumption, and partly for emotional or artistic consumption.

Consumption is limited by the *ensemble* of needs animal, industrial and emotional; and expenditure is limited by nutrition.

The reason why the organist is paid at a higher rate per diem than the bellows-blower is not because he labours more, but because his abilities cost more; and consequently, the reason why the bellows-blower is paid at a lower rate per diem than the organist is not because he labours less, but because his abilities cost less.

The variations of the rate of income do not represent variations of labour, but variations of capital.

Within economic society, as it at present exists, the two grand divisions of working-men—distinguished as capitalists or labourers accordingly as they are primarily employed in administering the capital which

is the inheritance of the present, or in executing the labour which is the contribution of the present—are brought together for purposes of industrial co-operation, through the agency of *entrepreneurs* or employers, who secure for themselves the direction and control of both the capital and labour of society, and who also secure to themselves the custody and control of the entire produce of industry, by undertaking in advance to pay (*a*) fixed sums of money to capitalists as value in exchange for the use of capital; and (*b*) fixed sums of money to labourers as value in exchange for the service of labour.

The following are—

1. Capitalists
   - Bankers.
   - Landlords.
   - Transport Companies.
   - Telegraph Companies.
   - Insurance Companies.
   - Bondholders generally.

The following are—

2. *Entrepreneurs* or Employers
   - Manufacturers.
   - Iron Masters.
   - Master Builders.
   - Agriculturists.
   - Mining Companies.
   - Fishing Companies.
   - Trading Companies.
   - Shareholders generally.

The following are—

3. Labourers
   - Brain-Workers.
   - Hand-Workers.
   - Employees generally.

Groups 1 and 2 constitute the plutocracy, the

propertied classes, the leisured few of the nation. Group 3 constitute the proletariat, the disinherited masses, the toiling millions of the nation.

The fixed sums of money paid for the use of capital include also any interest or [1] rent due to *entrepreneurs*

[1] The popular and generally accepted meaning of the term RENT is value in exchange for the use of *fixed* capital.

An esoteric meaning, however, has been affixed to the term RENT by many distinguished economists entirely different from its popular and generally accepted meaning. This esoteric meaning of RENT is *the excess or surplus of the yield of the superior lands* over and above the yield of the lands at the margin of cultivation. The excess or surplus of the produce over and above its cost of production.

But this excess or surplus of yield is both popularly and scientifically known as PROFIT when obtained immediately from sources other than land.

Whenever used by the present writer the term RENT will mean *the value in exchange paid for the use of the fixed capital rented:* this will be equal to (*a*) the interest on the capitalised value of the property rented ; and (*b*) the allowance for the wear and tear of the property rented, except in cases where the item wear and tear is specified separately ; and the term * PROFIT will always mean *the excess or surplus of the yield of produce, over and above the yield at the Producing Point, or Margin of Production,* without reference to the particular industrial, commercial or financial source from which such excess or surplus may be obtained.

Profit and interest have also been used as interchangeable terms, but they are essentially different.

When A borrows £1000 from B, undertaking to pay Interest, as value in exchange for the use of the borrowed capital, at the rate of, say, 6 per centum per annum, and invests the capital in a business, he does so because he believes that the yield or produce of the business during its continuance will be sufficient to replace periodically the full amount of the capital originally invested, *plus* 6 per centum per annum Interest to be paid to the lender B, and *plus* an indefinite sum, depending upon the circumstances of production and exchange, representing the Profit of the business, to be retained by the borrower A, with which sum A will, from time to time, pay off the loan of £1000 and ultimately become the exclusive and absolute owner of the business, free from the lien of B.

Assuming that 6 per centum per annum represents the rate of Interest on Capital invested in the business of banking, at the Producing Point or

* See pp. 23 to 25, " Inter-Temporary Values."

or employers for the use of any capital they may have invested in the enterprise—just as if such capital had

Margin of Production, during the half year ended 31st December 1907, we find from page 194 of the *Bankers' Magazine* for February 1908 that the following rates of Dividend were declared by the undermentioned Banks :

London and County . .	Dividend . .	20	per centum per annum.
	Interest . . .	6	„ „ „ „
	Profit . . .	14	„ „ „ „
Lloyds	Dividend . .	18¾	„ „ „ „
	Interest . . .	6	„ „ „ „
	Profit . . .	12¾	„ „ „ „
London and Provincial .	Dividend . .	18	„ „ „ „
	Interest . . .	6	„ „ „ „
	Profit . . .	12	„ „ „ „
London and South Western	Dividend . .	16	„ „ „ „
	Interest . . .	6	„ „ „ „
	Profit . . .	10	„ „ „ „
Manchester and County .	Dividend . .	15	„ „ „ „
	Interest . . .	6	„ „ „ „
	Profit . . .	9	„ „ „ „
London and Westminster .	Dividend . .	13	„ „ „ „
	Interest . . .	6	„ „ „ „
	Profit . . .	7	„ „ „ „
Provincial of Ireland .	Dividend . .	12	„ „ „ „
	Interest . . .	6	„ „ „ „
	Profit . . .	6	„ „ „ „
London Joint Stock . .	Dividend . .	11	„ „ „ „
	Interest . . .	6	„ „ „ „
	Profit . . .	5	„ „ „ „
National Discount . .	Dividend . .	10	„ „ „ „
	Interest . . .	6	„ „ „ „
	Profit . . .	4	„ „ „ „

It is evident, therefore, that the rate of Interest is not identical with the rate of Profit.

Profit only is the true Dividend. This fact is conspicuously manifested

been borrowed from some one else; and the fixed sums of money paid for the service of labour include also the wages of superintendence which *entrepreneurs* or employers pay to themselves as value in exchange for their special services of direction, control, and general management—just as if such labour of superintendence had been performed by some one else; and with this wages of superintendence *entrepreneurs* or employers provide for the natural and social needs of themselves and their families. But *entrepreneurs* or employers also receive in addition to any interest or rent on capital invested, and in addition to wages of superintendence for work done, the whole of the profit, surplus wealth, or dividend remaining over after all the necessary charges—rent, interest, wages, freight, taxation, insurance—have been fully paid.

Produce − (Rent + Interest + Wages + Freight + Taxation + Insurance) = Profit or Surplus Wealth.

in all cases where the capital invested in business is borrowed, and, as a consequence, the Interest due thereon is paid to the lender, and does not form any part of the sum to be divided as the Profit of the business. If this allowance is made it may be affirmed that the rate of Dividend is identical with the rate of Profit — that Dividend and Profit are interchangeable terms.

We find also that the yield of Profit, Dividend, or Surplus is variable in the business of banking, as in the business of agriculture or any other business: the yield of the investments shown in the foregoing illustrations vary from 4 per centum to 14 per centum above the Producing Point or Margin of Production.

Assuming that 30s. per week is, at a particular place and time, the rate of Wages, the value in exchange for the service of unskilled Labour, at the Living Point or Margin of Existence, Is any Wages, in excess of 30s. per week, received by unskilled Labour, at that place and time, to be estimated as part of the Unearned Increment of Wages?

Produce – Cost of Production = Profit or Surplus Wealth.

This profit or surplus wealth resulting from the co-operative efforts of all the workers, and which should be the joint property of all the co-operators—"unto each according to his work"—is to-day legally recognised as the exclusive property of *entrepreneurs* or employers, and in the distribution of wealth is appropriated by them accordingly.

In the illustration[1] on pages 13 and 14 and 56–59 of "The Distribution of the Produce," and on pages 9 to 11 of "Abundance and Hard Times," the industrial conditions are favourable: the capital invested has been fully employed in the payment of necessary business expenses, wages (hire of labour and purchase of material), taxation, insurance, freight, interest, and rent, all of which are different forms of income or expenditure (income to him who receives, expenditure to him who pays), the different names indicating, in a general way, the different economic functions of the recipients, and the sum of all these payments to working-men are again expended by them in the purchase of articles produced by their joint industry; so that consumption is at the highest rate possible under existing industrial conditions; nevertheless, *the effective demand for commodities necessarily falls short of the actual supply of commodities by the exact amount of the profit of the* entrepreneur; therefore, under the wage competitive system, wher-

[1] See Appendix III., pp. 163–164.

ever there is profit, there is also an over-supply or glut of commodities.

Assuming that the whole of the capital of an economic society is fully employed above the producing point or margin of production, the whole of the produce of such society is the property of and remains in the custody of and under the control of the different *entrepreneurs*, and such produce is mutually offered for sale and purchased by each and all of them, each exchanging what he has for what he wants, so that as between different *entrepreneurs*, as exchangers, there may not be any over-production, the exchanges, for proximate consumption, taking place with precision and balancing each other.

But there is also another set of exchanges, namely, the exchanges between *entrepreneurs* as exchangers, and all working-men as consumers, for ultimate consumption.

In an economic society founded upon the separation of employments, the division of industrial functions, in which exchange is the method of distribution of products, both for proximate and for ultimate consumption, the measure of the expenditure of all *entrepreneurs*, as employers, in the payment of all the various forms of income or expenditure—wages, taxation, insurance, freight, interest, rent—is the measure of the effective demand for commodities, by all working-men, for ultimate consumption. But the sum of all this expenditure—the cost of production—is not equal to the sum of the whole of the produce, if there is a profit, that is, if there is surplus produce

over and above all expenditure, over and above cost of production; consequently, whenever and wherever there is profit or surplus produce, there is also over-supply or glut, and the measure of the profit, the measure of the surplus produce, is also, under the wage competitive system, the measure of the over-supply or glut of commodities.

In society (1) commodities exchange for commodities between different *entrepreneurs* as exchangers, as between such exchangers an over-supply or glut of commodities is an impossibility; (2) commodities,[1] other than money, exchange for money between different *entrepreneurs* as exchangers, as between such exchangers (*a*) an over-supply or glut of commodities, other than money, is equivalent to an under-supply or scarcity of money, which manifests itself by a fall of general prices and speculative incomes, that is, incomes expressed in terms of money, and which is indicative of the appreciation of the exchange value of money, and the consequent depreciation of the exchange value of all commodities other than money in comparison with money; (*b*) an under-supply or scarcity of commodities, other than money, is equivalent to an over-supply or glut of money, which manifests itself by a rise of general prices and speculative incomes, that is, incomes expressed in terms of money, and which is indicative of the depreciation of the exchange value of money and the consequent appreciation of the exchange value of all commodities other than money

[1] See Appendix IV., p. 165.

in comparison with money; and (3) commodities exchange for commodities between *entrepreneurs* as exchangers on the one side, and all working-men as consumers for ultimate consumption on the other side, and as between such exchangers and consumers, under the wage competitive system, the measure of the profit or surplus produce, as such accruing to *entrepreneurs*, is also the measure of the over-supply or glut of commodities.

All *entrepreneurs* understand this, and in periods of "depression," of "shrinkage of value," use all available means to reduce the normal volume of the aggregate output of commodities, so as to work off "stock in hand."

This reduction of the normal volume of the work of the productive industries tends to make the "depression" more acute by reducing expenditure (income of employees), and with it, as a consequence, the effective demand for commodities, but it tends also to shorten the period of "depression."

Perceiving the consequences of the existence of this surplus produce or profit, *entrepreneurs* continually desire the opening up of new markets, wherein to dispose of such surplus produce or profit, and to invest the proceeds abroad; because if there did not exist within the exporting country, in the hands of working-men, other than the *entrepreneurs*, as exchangers (exporters), prior to the exportation, wealth sufficient and available to constitute an effective demand for such surplus produce or profit, there can

be nothing in the mere exportation of such surplus produce or profit to create, within the exporting country, wealth sufficient and available to constitute an effective demand for produce imported into the country in exchange for the surplus produce or profit previously exported; there would still be wealth in the hands of the *entrepreneurs* as exchangers (importers), for which there would not, and could not, be an effective demand among working-men, as consumers, for ultimate consumption.

The periodic accumulations of such surplus wealth or profit in the hands of *entrepreneurs* is, in the opinion of this writer, the efficient cause of the periodic manifestation of the economic phenomenon known as a commercial crisis, whenever such commercial crisis is not the consequence of scarcity or dearth;[1] and during the continuance of every such crisis, and with the increasing productiveness of human industry commercial crises occur with ever-increasing frequency, every branch of industry becomes more or less disorganised, and the various classes of working-men find themselves, more and more frequently, sharply divided into two great groups, the employed and the unemployed:—

Working-men { Employed { Overpaid = Inflation or Waste. / Fully-paid = Equilibrium. / Under-paid } / Unemployed { Partly-cared-for / Destitute } = Depression or Want.

What then becomes of this consolidated, central-

[1] See Appendix IV., p. 165.

ised, and ever-increasing mass which, in different forms, make up the surplus produce, profit, dividend of the nation ?

This mass is the fund out of which all international and national loans are provided ; alike for purposes of war and waste, as for purposes of peace and saving.

It is the fund which provides the capital needed for conducting wars, for building up railway systems, steamship lines, ship canals, electric cable systems, harbour works, irrigation works, &c. &c. ; for floating all kinds of industrial and commercial development companies whose operations embrace all the continents ; for making both permanent and speculative investments, alike in the more advanced countries of the West, as in the less advanced or more backward countries throughout the world, where there is the greater need of external financial aid to help forward their development.

The various forms of permanent investments are usually spoken of as the expenditure of the *present*, incurred for the benefit of the *future ;* and so they appear to be during the processes of the actual disbursements of capital and the consequent employment of labour ; but as soon as these works of permanent improvement, carried out by means of *foreign* capital, are finished, they manifest themselves, as new forms of *absenteeism*, and also, *sometimes*, even in the case of national undertakings, as the insatiable claims of the *dead past* upon the work of the *living present.*

The result of speculative investments are often

unsatisfactory to the bondholders and to the shareholders, the whole of their capital being sometimes lost altogether; but the prizes, in the form of exceptionally high rates of interest and large profits, and of rapid appreciation in the capital value of bonds and shares, are ever sufficient inducements to attract the average investor.

Out of and around these various kinds of permanent and speculative investments there has been created the powerful bondholders and shareholders [1] groups of financial interests throughout the West.

[1] The beginning and the ultimate result of the *exclusively held*, consolidated, centralised control of surplus produce, profit, dividend, are recorded for our edification in Genesis xli. 34–36, 47–49; and xlvii. 13–20, 23–26.

Therein is recited the methods by which the enslavement of a whole nation was accomplished, and a PERMANENT tax imposed upon agricultural incomes equal in amount to 20 per centum per annum of the gross yield of the lands of ancient Egypt, as value in exchange for *famine relief* extending over a period of *seven years*.

In striking contrast with the exceedingly harsh treatment of the Egyptian peasantry by the great Finance Minister of ancient Egypt is the humane treatment extended to the professional and middle classes of the country. This is the record (xlvii. 22):—

"Only the land of the priest or princes bought he not; for the priests or princes had a portion assigned to them of Pharaoh, and did eat their portion which Pharaoh gave them: wherefore they sold not their lands."

Even at that remote period there was some misgivings about the justness of transactions manifesting such distressing results to the peasantry, who constituted the mass of the people, who were one of the parties to that disastrous agreement, so it was not considered prudent to permit the people to remain in the occupation of their old homesteads.

This is recorded (xlvii. 21) as one of the final acts of the *alien* Finance Minister of ancient Egypt:—

"And as for the people, he removed them to cities from one end of the borders of Egypt even to the other end thereof."

We still, by incessant migrations, remove the people from one end of the borders of one country, across the oceans, even to the other end of the borders of some other country; but under modern conditions *the movement of the coupon and other bonds and shares*, representing the permanent

III

Believing that the money laws, like the land laws, are fundamental in their influence upon the

and speculative investments of the surplus produce, the profit, the dividend resulting from the general co-operation of all the workers, is the matter of most importance. These bonds, bearing fixed rates of interest, and these shares promising high rates of profit, are found everywhere—among bishops, curates, humane widows, pious maiden ladies; among some of the most conspicuous representatives of the nonconformist conscience; and even among some of the high priests of the labour movement.

We are all ready and willing to buy for our own advantage these insatiable claims of the dead past upon the work of the living present; these incessant claims upon the profits of the sweated industries of the slums—which say not, "*It is enough;*" we are all engaged in profit-making, we are all striving to secure dividends for ourselves, to invest our savings prudently, so that, like the silver and the gold of Shylock, they may breed fast; and sometimes we are grieved and shocked to find that, with the security of our investments, with the certainty of the regular payment of the interest due on our bonds, or of the profit-earning value of our shares, there is somehow involved the blood stains and the miseries and the villainies of the slaveries which taint all the products of all the "sweated" industries of the slums which flourish in Europe, America, and throughout the length and breadth of the western civilisation wherever it has established itself—the gold and diamonds of South Africa, the rubber of Brazil and of the Congo State, the cocoa of the farms of San Thomé and Principé, the tea of the gardens of India and Ceylon, the sugar of the plantations of Queensland, and the cotton of the Black Belt of the United States; and we seek in vain to free ourselves from complicity in, and to relieve ourselves of responsibility for, all of these unspeakable horrors, so long as we accept, directly or indirectly, the money which, besides being the interest or profit on our investments, is also the price of the blood of the wasted lives of the children of Europe, of Africa, of Asia, of America, of Australasia, and of the Isles of the Sea, who perish miserably doing the work of producing these articles of necessity, comfort and luxury. To-day there are not many who, by their deeds, say—It is not lawful to use this money "*because it is the price of blood.*"

As Ruskin truly said: "Some treasures are heavy with human tears, as an ill-stored harvest with untimely rain."

The earth is man's to cultivate, subdue, and have dominion over; and there should be *free trade* in the labour of *free men*—white, yellow, brown, and black—all of whom should be equally free men under the law of their

industry and commerce of the country, and more powerful in this influence than either land laws or corn laws; witnessing such glaring contrasts in the conditions of comfort and discomfort under which the members of some of the groups and sub-groups of

common country; and there should be also *equal pay for equal work* for all free men.

The sanitary and other living conditions, under which men should be required or permitted to work and to live, should be fixed by the government of each country according to a standard high enough to prevent the advent of any group of workers from anywhere from threatening to lower the standard of living of the home life, and of the conditions of the daily work, of the highest types of its own working-men; and practical measures should be vigorously enforced to maintain those conditions up to the high level of the fixed legal standard. In this way the progress achieved, in the home life and in the working conditions, by the most advanced section of the human race, would be effectually protected against any lowering influences—the steady influence, of the fixed legal standard conditions of life and work, would operate so as to *level up* the more backward to the high standard of the more progressive portion of the human race.

Acting upon the inspiration that among the "inalienable rights of man are life, liberty, and the pursuit of happiness," for four centuries, since the discovery of America, the European hive has been, almost exclusively, sending forth swarms of human "working bees" to people the unoccupied portions of the earth, in America, Australasia, South Africa, and the Isles of the Sea, as a means of providing for the needs of its superabundant population, and in the exercise of the freedom of man to travel on the earth, to use for his own benefit the resources of the planet, and to occupy its vacant lands.

During this period Europe has also swarmed human "working bees" from the African hive, and established them on the western hemisphere, within the region south of Mason and Dixon's Line, and north of the corresponding degree of south latitude—a solid mass of one of the strongest and most fecund branches of the human race.

These swarms from Africa, established in the western hemisphere in slavery, are now living under conditions of freedom, and although most of the doors of equal opportunity have been closed against them, yet they are slowly but surely making progress in the right direction, will some day attain unto a reasonable self-consciousness, and unitedly claim and obtain full recognition of all the rights of the most advanced and progressive manhood.

What they have already accomplished in the economic and other

working-men and their families live and work, in one of the wealthiest of the nations; and witnessing also, *simultaneously* with the most unprecedented expansion and development of international commerce, finance, manufacturing and shipping, the decadence of agriculture—an industry of such vital importance to the health, the wealth, and the strength of the nation—the suggestion forces itself upon us that there must be something fundamentally disturbing within the existing legally established economic order, and the suggestion seems to be confirmed by the persistence in the manifestations of those contrasting conditions of comfort and discomfort, of loss and gain, which are disclosed by the following facts:—

1. The Income-Tax Returns for the year 1906–1907 show that there are 379,456 persons of the population of Great Britain whose gross incomes amount to £107,022,457.

avenues of human effort, living and working under such cramped and sometimes hostile conditions, are the "first fruits" which indicate a rich human harvest—in Church, State, and School—up to the level of the normal standards of human excellence throughout the western civilisation.

If the bulk of the harvest is up to the average level of excellence, we may be sure that the proportion of examples of exceptional excellence will not be wanting.

The West, during this era of expansions and occupations, has everywhere claimed the hegemony of the whole earth.

This claim has been seriously challenged by Asia, on two occasions, during the last fifty years of this era; once unsuccessfully, but more recently with success, the victory resting with the men of the Far East.

On each of these occasions, alike in the hour of the victory and of the defeat of the West, our own nation, perceiving with intuitive insight the momentous issues involved in these struggles, promptly acted with profound wisdom and far-seeing prudence, in the manner best calculated to

2. Of these 379,456 persons, there are in one group 127,925 persons whose gross incomes amount to only £10,672,183; and in another group 21 persons whose gross incomes amount to as much as £1,849,816.

3. Further, according to the public utterances of our most distinguished responsible statesman, there are about 12,000,000 of the population of Great Britain who live under such miserable conditions that among them common decency is impossible—these live on the verge of starvation.

4. During the period of about thirty-three years ending in 1906, while the international commerce and finance of Great Britain has gone on increasing and expanding in volume, value and profitableness, in an unprecedented manner, about 3,000,000 acres of its agricultural lands have passed out of cultivation, for wheat and corn crops, at a total estimated loss, to the agricultural interests of the nation, of the enormous sum

allay the irritation, to heal up the wounded parts, to reconcile the conflicting interests, and so to evolve a higher and more sympathetic unity between the peoples of the West and of the East, and to establish permanently such equal conditions, for regular peaceful intercourse between them, as now exist between the peoples of all the different nations of the West.

To-day there is movement within the Asiatic hive; the East seems determined to follow the example of the West—in exercising the freedom of man to travel on the earth, to use for his own benefit the resources of the planet, and to occupy its vacant lands—and to swarm its human "working bees" so as to take part in occupying portions of the still vacant lands of America, Australasia, South Africa, and the Isles of the Sea.

There can be no permanently satisfactory solution of this problem except one in harmony with the principles of (*a*) *free trade* in the labour of *free men*—white, yellow, brown and black—all of whom should be equally free men under the laws of their common country; and of (*b*) *equal pay for equal work* for all free men.

of about £2,500,000,000 sterling, which loss is greater in amount than the value of the whole of the world's production of gold,[1] during the long period of 414 years from 1493 to 1906 inclusive, which amounted to only about £2,415,591,089 sterling; and very nearly double the amount of the value of the whole of the unparalleled production of gold throughout the world, during the 36 years from 1871 to 1906 inclusive, which has amounted to as much as about £1,264,747,289 sterling.

Is it in any degree surprising that farmers and farm-labourers abandon the land as sensible men abandon a sinking ship? Agriculture has been, and is being, taxed[2] out of existence.

[1] See pp. 99 and 216.

[2] If a tax on "raw material" enters into the cost of production of manufactured articles, if a tax on imported wheat enters into the cost of production of bread, it follows as a consequence that a tax on land, the rawest of all raw materials, enters into the cost of production of everything produced on or out of it *ab initio*. A land tax, a tax on a piece of the earth's surface, as distinguished from a tax on the annual income obtained by the proprietor from the land, is, in the opinion of the present writer, one of the most objectionable forms of taxation. Every reason urged against the imposition of taxes on the "raw materials" used in the constructive industries applies with increased pertinacy when urged against a tax imposed upon the "raw materials" of the extractive industries.

British farmers are entitled to have *agricultural lands*, the raw materials of their industry, just as free from either national or local taxation as are the cotton, the wool, and the other raw materials of British manufactures; there should be FREE RAW MATERIALS for both farmers and manufacturers.

The income-tax, which both should be required to pay, will secure to the nation the equal contribution of each towards the support of the government of their common country.

Taxes should be imposed as far as possible *from* the point where production *begins*, and as near as possible *to* the point where production *ends* and consumption begins; *therefore*, economically, a tax on incomes

5. Simultaneously with this destruction of national agricultural capital, the increasing population has flocked to the manufacturing and shipping cities and towns, where the value of land for building purposes has gone

is the least objectionable form of taxation, and a tax on *agricultural lands* is the most objectionable form of taxation conceivable, except a poll-tax, man being the *labour-side* and land being the *capital-side* of work at the point where production begins. Taxes should be collected, not at seed-time but at harvest-time—*at the time when men are about to receive their incomes.* This rule is now applied, to a considerable extent, in those cases *where the income-tax is collected at its source.*

The distinction between agricultural lands and building lands is, at least, as old as Leviticus (xxv. 23–34). The economic reasons for this distinction, which were doubtless clearly recognised then, are real, and may be discovered now by observing the steadily *rising* values of building lands in the great cities and towns *simultaneously* with the steadily *falling* values of agricultural lands throughout the country.

The food supplies of a nation are one of the strongest lines of its defence.

The barns of its own farmers should ever be the national granaries, and their flocks and herds the national meat stores. There is a very comfortable feeling of security in a nation which knows that its food supplies are produced and held by its own farmers, within the limits of its own immediately surrounding territory, so that its population may always be certain that, whatever else may happen, the needed supplies for the breakfast-table may be replenished, from day to day and every day, by purchases in any of the local markets.

On the other hand, there is a very uncomfortable feeling of insecurity in a nation which knows that its food supplies are not produced and held by its own farmers, within the limits of its own immediately surrounding territory; under such conditions its population *can never be certain* that the needed supplies for the breakfast-table will be replenished, from day to day and every day, by purchases in any of the local markets. If a man reflects too long upon this precarious situation, the disquieting thought will assail him that, perhaps, at a time of great national peril, as a consequence of our fleet having temporarily lost the command of the Atlantic, as during that disastrous period which ended with the surrender of Cornwallis at Yorktown, it might happen that, when his children say unto him, "*Give us this day our daily bread,*" he might be compelled to offer them, instead of "bread" a "stone," instead of "meat" a "serpent"; because the food supplies are separated from the breakfast-table by vast areas of land and water, because our granaries are at the ends of the earth, and our meat stores in the utmost parts thereof.

on steadily rising in value, as land for agricultural purposes has gone on steadily falling in value.

6. Within the realms of commerce and finance we see the same glaring contrasts. From 1873 to 1896 there was a period of steadily falling prices of commodities, and of steadily rising prices of Consols and all similar securities — the capitalist and labour groups gaining, and the *entrepreneur* or employer group losing; and from 1897 to the present time there has been a period of steadily rising prices of commodities, and of steadily falling prices of Consols and other similar securities— the capitalists and labourer groups losing, and the *entrepreneur* or employer group gaining.

The magnitude of financial disturbance of the present time is indicated by the depreciation which has taken place in the list of 387 representative stocks published by the [1] *Bankers' Magazine*, and commented upon as follows:—

"In normal times a net movement of 50 millions one way or other in our list of 387 representative stocks usually reflects a substantial appreciation or depreciation, as the case may be, but already this year we have had to chronicle for one month (March) a decline of 125 millions in stocks, and now for the month of August—a month not usually associated with violent fluctuations—there is a depreciation to record of not less than 136 millions, the exact figures being as follows:—

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[1] September 1907, pp. 373–374.

Aggregate value of 387 representative securities on 20th July 1907 . .	£3,633,717,000
Aggregate value of 387 representative securities on 20th August 1907 .	3,498,130,000
Decrease . . .	£135,587,000

Moreover it must be noted that the present total of these securities (which are thoroughly representative of every department in the Stock Exchange) now shows a shrinkage since the beginning of the year of 345 millions sterling, of which 111 millions is in American railroad securities, 48 millions in British funds, and 36 millions in English railway ordinary stocks. Judged purely on a percentage basis, however, perhaps the most serious depreciation in the year has been in the South African market, where an average fall of about 25 per cent. has occurred."

All these and similar facts seem to indicate that there is a kind of *chaos* behind what manifests itself apparently as a stable economic order.

The economic contrasts — and the *divergence* between the subjective interests of individuals and classes and the objective interests of the nation—as set forth in detail in Appendix E of "Inter-Temporary Values," pages 115 to 134, which show the fourfold relations of economic phenomena, and so makes it necessary to group and consider them in each and all of these relations—are so glaring, and their consequences so disturbing, not to say threatening, that we are fully warranted in considering practically the urgent need of modifying the existing order so as to secure a more equitable system for regulating the distribution of wealth, in harmony with the principle, "*unto each according to his work.*"

We know that the capitalist and labour groups are participating in the profits, the surplus wealth of the industry and commerce of the country during this era of economic prosperity, in the form of higher rates of interest charged for the use of capital, and in the form of higher rates of wages paid for the services of labour; just as they suffered during the previous era of "hard times" and "trade depression," which extended from 1873 to 1896, the cumulative effects of which long period of business depression may have, in some degree, helped to precipitate the Baring Crisis in 1890—which was at once a striking manifestation of the *solidarity* of international economic interests, and also of those high intellectual and moral qualities, of courageous but prudent wisdom, exercised in co-operative effort, in mutual aid, by those who hold the primacy within the capitalist group, which enabled them to save the economic world of the West from a disaster which would have inflicted widespread undeserved ruin upon thousands of industrious workers.

It is also evidence of the profound and far-seeing wisdom of Auguste Comte who, in his plan of social reorganisation, vested the supreme temporal power within each nation "in a triumvirate of the three principal bankers"; and a kind of "first-fruits" of those harvests, of better things, which are reserved for us in the days that are to come.

There is *the general and ultimate solidarity* of economic interests (1) between different nations; (2) within each nation (*a*) between the three great groups of working-men, and (*b*) within every avenue of eco-

nomic effort, between the several grades of workers within each of the numerous hierarchies embracing all of the economic functions, which operates steadily in favour of economic peace and prosperity; but unless we ignore altogether, and deliberately shut our eyes and refuse to see, the *realities* of the international and national markets and exchanges, we must also affirm, with not less actual and even more apparent certainty, that there are *particular and immediate divergencies* of economic interests (1) between different nations; (2) within each nation (*a*) between the three great groups of working-men, and (*b*) within every avenue of economic effort, between the several grades of workers within each of the numerous hierarchies embracing all of the economic functions, which manifest themselves as "tariff wars," "strikes," "lock-outs," hostility against "blacklegs," and all the other well-known and familiar forms of economic war and waste.

So that concerning no section of workers, among any of the economic groups, can it be said, without qualification: "*They only prosper when others are prosperous.*"

Indeed, there is evidence which seems to indicate that the rule is as follows:—

(*a*) During periods of *falling prices*, as one of the consequences of the *appreciation of money*, *entrepreneurs* sustain those speculative losses which may be described as "*the unexpended shrinkage*"; and capitalists and labourers—those who are in receipt of fixed money incomes—obtain those speculative

profits which may be described as "*the unearned increment.*"

(*b*) During periods of *rising prices*, as one of the consequences of the *depreciation of money*, *entrepreneurs* obtain those speculative profits which may be described as "*the unearned increment*"; and capitalists and labourers—those who are in receipt of fixed money incomes—sustain those speculative losses which may be described as "*the unexpended shrinkage.*"

Where is the evidence in support of this rule?

It is admitted that we are now (September 1907) in the midst of an era of rising prices, of unprecedented business activity all over the world—all records are being broken and the *profits* of *entrepreneurs* have been going up by leaps and bounds, and the signs of reaction are not yet visible; and yet during the *one month* ended 20th August 1907 there was a *depreciation* in the aggregate value of 387 representative securities to the enormous amount of 136 *million pounds sterling*—more than 69 per centum *in excess* of the world's total output of gold during *the year* 1906—and since the beginning of the year to 20th August 1907 the total *depreciation*, in their aggregate value, amounts to the enormous sum of 345 *million pounds sterling*—more than 72 per centum *in excess* of the Franco-German War indemnity.

During the era of rising prices we are witnessing these unprecedented losses by capitalists—whose investments yield fixed money incomes; there may be

no physical losses, such as are consequences of fire and marine accidents, of floods and storms, of the failure of the harvests of the land and of the sea, of earthquakes and of war; but as is stated in the *Spectator* of 17th August 1907, "a man cannot see a sum of £20,000 invested by him in 2½ per cents. ten years ago — we take 2½ per cents. to make the comparison just—shrink to £18,000 when he sells in 1907 without a severe and real sense of loss."[1] So there can be capitalist speculative losses simultaneously with *entrepreneur* speculative profits within the same country and nation.

We have no official or other complete and reliable records which show the diverse movement of the differing scales of wages of the various grades of labourers, as the Board of Trade Index Numbers show the diverse movement of the prices of the forty-five representative articles of physical wealth, but here is an extract from the Board of Trade Report on strikes and lock-outs for the year 1906 :—

STRIKES AND LOCK-OUTS

RECORD OF 1906

An Employers' Year

"A Buff Book of the Board of Trade was issued last night on the strikes and lock-outs which took place in the United Kingdom.

[1] "Sir Robert Perks, M.P., said that it was ten years since the Century Fund was authorised at the Hull Conference. . . . They had raised £1,005,258. . . . The total was £1,073,782. . . . The total interest they had received reached £89,216. They had lost none of their capital; but had they accepted the advice of some friends and put the whole in Consols THEY WOULD HAVE LOST OVER £200,000."—*The Daily News*, July 17, 1908, p. 10.

"The volume, which forms the nineteenth annual report on the subject, shows that the period was more marked by industrial disturbance than has been the case of late years, the aggregate duration of disputes amounting to about 3,000,000 working days, compared with an average for the five previous years of 2,783,000 working days. Spread over the whole industrial population, agricultural labourers and seamen excepted, the number of days lost in 1906 amounted to under one-third of a day per head. Engineering and shipbuilding disputes accounted for about a third of the total loss of time, and the coal-mining industry for about one-quarter.

"The undernoted table analyses the figures of 1905 and 1906, so as to show the respective numbers affected in the various groups of trades :—

Groups of Trades.	1905.	1906.
Building	6,637	1,441
Coal-mining	40,448	81,550
Other mining	4,343	2,283
Iron and steel	2,029	2,753
Engineering and shipbuilding	9,600	37,498
Tinplate	176	779
Other metal	948	1,019
Textile	15,786	75,114
Clothing	3,540	8,912
Transport	2,112	1,188
Miscellaneous	7,159	4,272
Public authorities	725	264
Total	93,503	217,773

Persons indirectly affected, *i.e.* those thrown out of work at the establishments affected by disputes, but not themselves directly on strike or locked out, are included in the figures.

"In each year of the quinquennial period the coal-mining industry was responsible for the greatest number of workpeople affected. In the last two years, however, the proportion accounted for by this industry has not been so high. Next in magnitude in 1906 come the textile trades, the figures for which were the highest since 1892. This was largely due to strikes in the linen and jute industries at Belfast and Dundee, which involved 44,000 workpeople. In the engineering and shipbuilding industry the figures were higher than for some years past, due principally to disputes on the Clyde and on the Tees, in which over 20,000 workpeople were involved. In the building trades a further decline was shown, and the figure for 1906 represents a very small proportion (about 0·1 per cent.) of the total industry. The majority of the disputes were of short duration. Of the 486 which began in the year, 206 or 42 per cent., involving nearly 34 per cent. of the total number of workpeople engaged, lasted less than one week. The proportion lasting less than four weeks was 75 per cent., and lasting less than eight weeks was 87 per cent. Only $2\frac{1}{2}$ per cent. of the disputes lasted more than twenty-five weeks. The disputes of 1906 were, on the average, much less protracted than those of the preceding year.

CAUSES AND RESULTS

"An examination of the causes of disputes shows that questions of remuneration accounted for 55·7 per cent. of the workpeople directly affected. The corresponding proportion in 1905 was 57·3 per cent. Of the 87,933 workpeople directly affected by disputes on wages questions in 1906, 58,942, or 67 per cent., were seeking an advance, as compared with 35 per cent. in the previous year; while only 5399, or 6 per cent., were resisting proposed reductions, as compared with 30 per cent. in 1905. *The proportion of workpeople seeking an advance was the highest, and of workpeople resisting reductions the lowest, during the last five years.*[1] The majority of the 23,592 workpeople affected by other wages disputes were concerned in disputes arising out of readjustments of wages in the mining and textile trades on account of ease or difficulty in working. Disputes as to hours affected more than twice the number in the previous year. Most of the workpeople affected were seeking to obtain a decrease in their working hours, the number involved under this head being very much higher than in any of the four preceding years. In the case of disputes arising out of questions of trade union principle, the figures for 1906 are the highest on record. Of the 50,750 workpeople affected by such disputes, no less than 45,995 were concerned in the attempt of the South Wales miners to compel non-unionists to

[1] Italics by J. C. S.

join the federation, the incidents of which will still be fresh in the public memory.

"As to the issue of the disputes, in regard to disputes arising out of demands for advances in wages, 14 per cent. of the workpeople were successful in obtaining their demands, 38 per cent. were unsuccessful, and 47 per cent. effected compromises. In disputes arising out of resistance to proposed reductions in wages, the results were about evenly balanced between employers and workpeople. Taking all the wages disputes of the year together, it appears that the balance of success lay with the employers. On questions of hours of labour most of the workpeople involved arranged compromises. On questions of working arrangements the figures for 1906 showed an increase over those of the previous year; while in disputes as to the employment of particular classes or persons there was a decrease. As usual, the great majority of the disputes were settled by direct negotiation between the parties involved or their representatives; 340 of the 486 disputes commencing in 1906, or 70 per cent., being thus settled. The disputes so settled involved 82 per cent. of the number of workpeople directly affected by all the disputes of the year, as compared with 71 per cent. in 1905 and 77 per cent. in 1904. There was a slight increase in the disputes settled by arbitration or conciliation, but the number of workpeople involved showed some decrease. Settlements by arbitration involved 3 per cent. of the total number of persons affected, the same percentage

as in 1905. The proportion of workpeople involved in disputes settled by conciliation was 2 per cent., as compared with 13 per cent. in 1905."

This is evidence which tends to prove that rising prices are operating *adversely* to the particular and immediate economic interests of labourers, as we can demonstrate that they are operating *adversely* to the particular and immediate economic interests of capitalists, although such rising prices are *simultaneously* operating favourably to the particular and immediate interests of *entrepreneurs;* and the investments of labourers group in Consols and other securities—speculative wealth—yielding fixed rate of interest, suffer by depreciation and benefit by appreciation in the same manner and under the same circumstances as have similar investments of the capitalist group.

That these diverse operations, of rising and falling prices, upon the particular and immediate interests of these great groups of working-men, are not accidental and peculiar to the present era will be shown by comparing the rise and fall of the price of Consols, estimated throughout upon a basis of interest at the rate of 2½ per centum per annum, with the rise and fall of the Price Level, as exhibited by the Board of Trade General Index Numbers of the forty-five representative articles of physical wealth, during the period from 1871 to 1906, with 1871 as the base year.

Year.	Average Price of Consols.	General Price Level.	Year.	Average Price of Consols.	General Price Level.
1871	77·29	100·0	1889	89·09	80·8
1872	77·08	110·6	1890	87·57	82·8
1873	77·08	118·8	1891	87·04	84·1
1874	77·08	113·6	1892	87·87	80·1
1875	78·12	107·8	1893	89·54	78·7
1876	79·00	104·2	1894	91·87	75·1
1877	79·34	105·3	1895	96·51	72·2
1878	79·62	99·3	1896	100·68	69·8
1879	81·25	94·9	1897	102·19	71·3
1880	81·98	97·4	1898	100·86	73·6
1881	83·33	95·7	1899	97·16	74·5
1882	83·75	97·3	1900	90·57	83·2
1883	84·32	96·5	1901	85·68	79·2
1884	84·16	88·3	1902	85·80	78·8
1885	82·77	83·0	1903	90·75	78·6
1886	84·00	78·5	1904	88·25	78·7
1887	84·83	76·7	1905	89·82	77·7
1888	88·73	79·3	1906[1]	88·32	80·9

This statement omits the facts relating to the diverse movement of the wages of the several grades of labourers, which are not accessible, but they will not be found to be inconsistent with the facts disclosed by the Board of Trade Chart relating to the ups and downs in general wages during the period from 1873 to 1905, when due allowance is made for the preponderating force of *the personal element* in all matters relating to the wages of labourers, in comparison with matters relating to the interest of capitalists; nor with the general rule of divergence of the particular and immediate economic interests of the three great groups of working-men—capitalists, *entrepreneurs*, and labourers.

Wages to the labourer is of more vital importance

[1] 1907 { Average Price of Consols . . 84·125
General Price Level . . . 85·3

than interest to the capitalist; the latter may operate his own capital or "consume" it, and so provide for his natural and social needs; but the former, as one of the wheels in the great machine of work under modern conditions, cannot operate his own labour profitably, and certainly he cannot directly "consume" it; unemployed his labour is not a resource immediately available as a means of providing for his natural and social needs; and so the movements of wages do not respond as promptly as the movements of interest to purely economic influences. The *personal consequences* of the *unemployment* of his capital to the capitalist are very different from the *personal consequences* of the *unemployment* of his labour to the labourer.

The movement of prices shown in the table seems to indicate that, after making due allowances for any specially disturbing influences within the nation, the price of Consols, and other similar articles of speculative wealth yielding a fixed rate of interest, *rises* as the Price Level of commodities—articles of physical wealth —falls, and *falls* as the Price Level rises. This inverse movement of the price of Consols and the Price Level of commodities illustrates the rule of divergence between the particular and immediate economic interests of capitalists and *entrepreneurs*.

It is well known that the inverse movement of prices represents also the rise or the fall of the rate of interest, *to the immediate investor*, on capitalist investments, in *correspondence* with the rise or fall of the profits earned by *entrepreneurs* in business; never-

theless, during a period of rising prices of the articles of physical wealth, there is, *to the immediate holder*, the depreciation of the capital value of Consols and other similar articles of speculative wealth, which is a very real loss to him, however profitable such conditions may be to *the immediate investor;* on the other hand, during a period of *falling* prices of the articles of physical wealth, there is, *to the immediate holder*, the appreciation of the capital value of Consols and other similar articles of speculative wealth, which is a very real gain to him, however unprofitable such conditions may be *to the immediate investor.*

There is a graphic description of economic conditions, during a period of trade depression and falling prices, in an article by Mr. Robert Giffen (now Sir Robert Giffen), entitled "Trade Depression and Low Prices," which appeared in the *Contemporary Review* for June 1885, which ought to be preserved :—

"A third remark I have to make at the outset is, that as trade depression may arise from very small changes in the total amount of production, while industrial organisation is of such a nature that such changes need cause no surprise, it becomes equally no matter for surprise that change in prices have so intimate a connection with the subject. The feeling of depression, judged by the realities of things, frequently appears to be either wholly unaccountable or to go far beyond what the facts warrant. And the explanation would seem to be that there is a general rise of prices in prosperous times, and prices remain there at a high

level, so in times of depression, when production and consumption and saving are diminished by a small percentage as compared with what they are at other times, there is often a general fall of prices which produces much of the gloom. Merchants and capitalists are hit by it. At their stocktakings, with the same quantities of goods, or even with greater quantities of goods, their nominal capital appears reduced. In falling markets their operations result steadily in loss for a considerable period. Many who have conducted operations with borrowed money are cleaned out and fail. The community need be none the poorer. The goods themselves are not destroyed. Somebody gets the benefit of the lower prices. But the leaders of industrial enterprise are all poorer, and feel even poorer than they really are, as they are accustomed to look mainly at nominal values, and not at the quantities of the things themselves which they possess. The moral is that economists and public men should beware to some extent of the outcry from the market-place. Merchants and capitalists are not the whole community. Their interest in the long run is the same as that of all. No community can prosper steadily with its mercantile classes depressed. But the immediate interest of particular classes is often different from that of the community generally, and in this way it is not surprising that the gloom of the market-place, in times of depression, should appear altogether excessive in relation to the real circumstances of the community as a whole. Apart from exaggeration, which is also a factor to be reckoned

with, the particular classes who cry out most from time to time about depression may suffer specially from evils which injuriously affect the community as a whole very little, or may even affect it momentarily for good."

So when a man has been "*hammered*" on the Exchange, and, in the fit of insanity resulting from the shock, he blows out his brains with a revolver, or commits suicide in some other way, the family and friends of the deceased are to console themselves *by remembering* that the evils from which they are specially suffering "injuriously affect the community as a whole very little, or may even affect it momentarily for good."

And when merchants and capitalists are hit by the fall of prices and "*are cleaned out and fail,*" their consolation is to be found in the knowledge that the community need "be none the poorer. The goods themselves are not destroyed. Somebody gets the benefit of the lower prices." That they have "worked without enjoying" while others have "enjoyed without working"; and so "*forgetting* those things which are behind, and reaching forth unto those things which are before," they must press forward—with ever fixed attention, and with an eagerness which we ought to believe renews itself continuously with unfailing vigour —along the undiscoverable path leading towards the *mirage economic city*, into which we are all permitted to hope to enter, at the time of the coming of the unknowable era, "*the long run,*" as the only haven of peace and prosperity, and strive to enter therein!

According to the views of the distinguished econo-

mist quoted above, "there is certainly no need to do anything" else.

To living men and women particular and immediate subjective interests are ever of vital importance, and their equitable adjustment from time to time the need of the ever-present hour, in the interests of economic peace and prosperity; only in the degree in which the established institutions of the country secures unto its population, regularly and constantly, the harmonious and equitable adjustment of the divergent economic interests of the various groups and grades of its working-men, can economic peace and prosperity be realised and be made permanent, and the general and ultimate objective interests of the nation be harmonised with the particular and immediate subjective interests of its constituent members. If we take care of particular and immediate interests, general and ultimate interests will take care of themselves. There is—

1. The divergence in relation to international and national economic interests.

2. The divergence in relation to articles of physical wealth and to articles of speculative wealth.

3. The divergence within the nation in relation to objective wealth and subjective wealth.

4. The divergence in relation to the economic interests of capitalists and labourers—the receivers of fixed rates of income, in the form of interest, rent, wages, &c.; and the economic interests of *entrepreneurs*, the earners of incomes, in the form of profit,

which vary according to the ever-varying circumstances of production and exchange.

5. The divergence in relation to each of the numerous grades of workers throughout each of the hierarchies, embracing every avenue of economic effort.

The *distinguishing feature*, everywhere and always, in all of these diverse relations, is the *inverse movement* of the particular and immediate bifurcated economic interests confronting each other.

Economic interests, international and national, are *bifurcated*, corresponding with each other generally and ultimately, but diverging from each other particularly and immediately. This is the law throughout the whole realm of economic effort.

We must believe that there is some compensatory law which, "*in the long run*," adjusts and distributes justly, what appears to us to be such an unequal division of joys and sorrows, pains and pleasures, which are the elements of the striking contrasts in the life and work of the various classes of society, so that we may be warranted in saying that, "For all human failings pure Humanity atones."

However, as George Eliot remarked, "*Most of us are interested in the men and women who are living now, but who will not be living when the long run comes.*"

IV

For practical purposes, within the nation, we are chiefly and mainly concerned with those manifestations of the divergencies between the bifurcated interests of—

1. *Entrepreneurs* and labourers in their special relation to each other as employers and employees.

2. Capitalists and *entrepreneurs* in their special relation to each other as lenders and borrowers, creditors and debtors.

The conflicts growing out of these divergencies, which, at their maximum dimensions, manifest themselves on the one hand as "ultimatums," "strikes," "lock-outs," together with all the other disquieting, hostile, and widespread tragic consequences which are associated with those periods of industrial crises which are now spoken of as labour wars—just as we speak of tariff wars between different nations; and on the other hand as "suspensions," "failures," "bankruptcies," together with all the other disturbing, conflicting, and tragic consequences associated, on the markets and exchanges, with periods of financial or commercial crises,[1] are becoming more and more threatening to the progressive development and stability of the Social Organism.

In dealing with the bifurcated interests of *entrepreneurs* and labourers, in their special relations to each other as employers and employees, we find that there is also *the one element of certainty* which we all can foreknow about them, during the continuance of those special relations, namely—

1. *That they will, from time to time, diverge, will vary from each other*, in some unknown and unknowable degree, according to the ever-varying circumstances of production and exchange; and

[1] See Appendix IV., p. 165.

2. *That such divergence, such variation, will manifest itself*, at the dividend period of every gainful industrial or commercial business, *as an increase or decrease in the profits of the* entrepreneur.

The business operations of *entrepreneurs* may be conducted under three conditions :—

1. *At* the producing point or margin of production.

Business operations *at* the producing point, although yielding no profit, are sustaining no loss, and may therefore continue on for ever under the same economic conditions.

2. *Above* the producing point or margin of production.

Business operations *above* the producing point yield —over and above all the elements which produce must replace periodically in order to secure the continuity of any industrial, commercial, or financial enterprise— a surplus which we call profit.

3. *Below* the producing point or margin of production.

Business operations *below* the producing point can only be regarded as temporary operations; they represent errors in the forecasts of *entrepreneurs*, and if they are persisted in, their economical conditions continuing *below* the producing point, they must necessarily put a period to their own existence by the extinguishment of the capital invested in them.

Under the existing wage-competitive system, the employees have no *direct*, particular, and immediate interest in the profits resulting from and involved in the *final product* of the business operations of any

of their employers. Whatever may be the share of the employees in the profits of any business or works at which they may be employed, such share of the profits is received by them, *in anticipation*, from week to week, or from month to month, in the form of higher rates of wages; and they receive whatever may be the portion of *anticipated* profits involved in their wages even when, at the time of the dividend period, it is found out that, owing to the ever-varying circumstances of production and exchange, the *results* of the operations prove that they had been conducted only *at* the producing point, and so had yielded no profit, or perhaps *below* the producing point, and so had resulted in an actual loss of capital.

But only in a very special sense can we speak of employees participating in the profits, the surplus produce, resulting from their co-operation with their employers in the work of production.

Under the existing wage-competitive system—

1. Employers receive from week to week or from month to month (*a*) wages of superintendence as value in exchange for their services of direction, control, and general management, with which wages they provide for the natural and social needs of themselves and their families; and they receive also at the end of each regular dividend period (*b*) the profits, the surplus produce resulting from their business operations.

2. Employees receive from week to week or from month to month (*a*) wages of manipulation as value in exchange for their services, performed under the

direction and control of employers, with which wages they provide for the natural and social needs of themselves and their families; but employees do not participate in the profits, the surplus produce, which are distributed at the end of each of the regular dividend periods.

Under the existing wage-competitive system the relations existing between employers and employees, as the payers and receivers of wages, fall entirely within the category of *contemporary* transactions.

That in a special sense employees do now participate in profits resulting from their co-operation with their employers in the work of production is proved by the magnitude of the accumulated funds of the labourers group which are known to exist; but however large these known accumulated funds may appear to be, in reality they are very small indeed in comparison with the magnitude of the vast accumulations of *entrepreneurs* group and the capitalists group.

The wage co-operative system of profit-sharing contemplates the participation of employees in the profit, the surplus produce which is now exclusively appropriated by *entrepreneurs*, as a special kind of insurance premium to protect employers against the special risks assumed by them whenever they may pay to their employees, *in anticipation*, profits which the condition of the business, at the end of the regular dividend period show, (*a*) have not been earned, or show (*b*) that an actual loss of capital has been sustained. The records of the Bankruptcy Court prove that in many cases the special insurance

premium has been insufficient to cover the special risks assumed by *entrepreneurs*.

The portion of the surplus produce or profit, which is now retained and distributed by *entrepreneurs* among themselves, augmented by the portion of the surplus produce or profit, which is now paid to employees *in anticipation*, but which will then be eliminated from the wages payable to employees week by week or month by month, will remain together in the business until the end of the regular dividend period; so that employees, equally with their employers, will be continuously interested in the operations of the business with which they are associated, because a very substantial portion of their remuneration will be dependent upon the business results as exhibited at the end of each regular dividend period.

Employers and employees will alike receive regularly, weekly or monthly, their wages of superintendence and their wages of manipulation, but no one will receive *in anticipation* any portion of the profit, the surplus produce of the business.

Under the wage co-operative system of profit-sharing the relations which would exist between employers and their employees (*a*) as payers and receivers of wages (at adjusted rates from which the element profit will have been eliminated) would continue to fall within the category of *contemporary* transactions; but their relations to each other in matters relating to (*b*) the distribution of the profit, the surplus produce at the end of each regular divi-

dend period, would fall within the category of *inter-temporary* transactions.

V

The Wage Co-operative System of Profit-Sharing assumes that, at the time of employment, the terms and conditions of such employment are mutually advantageous to both employer and employee, or the employment would not take place. The employment must be regarded as an act of co-operation, of mutual aid, calculated and intended to confer benefit alike upon employer and employee.

Every agreement to work being in effect an act of co-operation, of mutual aid, at the commencement or date of which there is correspondence between the bifurcated interests of employers and employees, the object aimed at, in the wage co-operative system of profit-sharing, is to secure automatically the continuance of this condition of co-operation, mutual aid and correspondence, between the bifurcated interests involved, during the whole of the period in which work may be carried on by employers and the services of the employees retained.

The means suggested for accomplishing this object are based upon *the one element of certainty* which we can foreknow, about the condition of the bifurcated interests of employers and employees at the end of any dividend period of any business, namely, that those interests will diverge, will vary, in some unknown and unknowable degree, according to the ever-varying

circumstances of production and exchange, and provision is therefore made for the automatic adjustment and equitable distribution of this divergence, this variation between the interest of employers and employees.

The Wage Co-operative System of Profit-Sharing is embodied in the following Symbols :—

A = Total amount of profit or dividend.

B = Total amount of wages of working-men.

C = Total amount of wages of individual working-man.

D = Portion of profit or dividend due to individual working-man.

Formula :—

$$(1)\ \frac{A}{2} \div B \times C = D$$

$$\text{or}\ \ (2)\ \frac{A}{2} \times C \div B = D$$

In distributing the share of the profit, the surplus produce, due to employees, at the end of each regular dividend period, in every case the REGULATOR, of the portion of profit due to each, is the gross amount of wages earned by each; and the SETTLEMENT POINT, in every case, is, in proportion to the profit, as the gross amount of wages earned by each is to the total amount of wages earned by all.

Everywhere and always profit is the result of the co-operation of working-men. If there was no co-operation, that is, if there was no conjoint action of working-men either in the same employments,

in the performance of the same industrial processes, or in different employments, in the performance of different industrial processes; if there was neither separation of employments, nor division of industrial functions; if there was only individual working-men, each working, severally and separately, only to supply directly all of his own individual wants, with no combination of activity, with no exchange of wealth, there would be no excess, no surplus, no increase of produce, over and above cost of production, if indeed there happened to be even sufficient produce to secure each individual against want; in any case the standard of living of all working-men would necessarily be very low, would scarcely ever rise above the physical point or margin of existence.

Profit is the excess, the surplus, the increase resulting from the separation of employments, the division of industrial functions, the co-operation of working-men. The particular excess, surplus, or increase resulting from the operations of any industrial function, is the particular profit of that industrial function; and the general excess, surplus, or increase resulting from the operations of all industrial functions is the general profit of the whole body of industry.

It must, however, be pointed out that in a certain sense only the extractive industries[1] yield an actual excess, surplus, or increase of produce over and above the cost of production; and even within this section of industry there is an important difference between

[1] See Appendix V., Tables B and D, pp. 167–168.

the productiveness of agriculture and pisciculture and the productiveness of mining and quarrying—between the produce which lies upon the surface of the earth, on the land and in the water, and the produce which is found existing in the interior of the earth—in mines and in quarries.

The supply and the sources of the supply of animal and vegetable produce useful to man may now be regarded as being practically inexhaustible. We know how to secure the continuity of almost all forms of animal and vegetable life useful to man; we know how to utilise as manures materials which would otherwise be wasted, so as to maintain the land continuously in the condition of average fertility, and even to increase its fertility; we know how to regulate fisheries, and the waters which the fishes inhabit or frequent for breeding purposes, so as to keep up and even to increase "the harvest of the sea."

But the supply and the sources of the supply of mineral produce useful to man are, for all practical purposes, being gradually exhausted. The greater durability of mineral wealth, as compared with animal or vegetable wealth, is an off-set against the comparatively excessive limitation of its supply, and of our inability to utilise materials which would otherwise be wasted, so as to maintain continuously the productiveness of mines and quarries.

For all practical purposes, an actual increase in the present output of the agricultural and piscicultural industries does not necessarily decrease the supply or

the sources of the supply of any future output of these industries. But for all practical purposes, not only does an actual increase, but also the average annual output of all mines and quarries necessarily decrease the supply and the sources of the supply of every future output of the mining and quarrying industries.

With the average annual output of mines and quarries, and also with any increase therein, there is an actual increase in the quantity of mineral wealth immediately available for human use; but such increase in the quantity thus made immediately available is obtained by continuously impairing the productiveness of the sources of all future supplies, so that the quantity of the average output of mines and quarries has a tendency to decrease, and must one day reach a condition when the aggregate annual output will be, at first, barely sufficient, and afterwards insufficient, to make good the aggregate annual consumption, wear and tear, and waste of the whole mass of mineral wealth required for use. The influence of deficiency of supply of mineral wealth, of the continuous impairment of the sources of the supply of mineral wealth, may be felt at different places, at different times, in different degrees, from different causes, and in connection with different forms of mineral wealth, according to the particular average production of the several mines and quarries, as compared with the particular average consumption and waste of the several kinds of mineral wealth at any particular place and time.

Positive deficiency in the supply of an article like

coal, which is used so very extensively, although progressively deferred, by *comparative economies* in its use, in every way possible, must be the final result of the steady and continuous average annual and aggregate increase in its consumption. This increase must, ultimately, exceed the maximum coal-yielding capacity of the mines and so decrease progressively the average annual and the aggregate production at the mines. But *comparative deficiency* in the supply of *gold* has been caused, during the period from 1871–73 to the present time (July 1908), *by an extension of its use as money*, SIMULTANEOUSLY with an unparalleled increase in its average annual and its aggregate production at the mines.

The Extractive industries within the sub-sections of agriculture and pisciculture, while being limited in their possible produce by nature, by the limited supply of both land and water, by the limited capacity of both land and water to sustain vegetable and animal life, by the limited productiveness of the vegetable and animal life inhabiting the land and the water, nevertheless give out or have the capacity of giving out, matter or material (1) *improved* in quality by adaptation, and also (2) *increased* in quantity by fecundity.

The output of the Constructive industries[1] is coextensive with, and strictly limited by, the supply of raw materials which constitute the output, the produce of the Extractive industries, which supply of raw materials is the measure of the possible output of the Constructive industries. Within the Constructive industries there is the conversion of raw

[1] See Appendix V., Table D, p. 168.

materials into manufactured articles, and the measure of the raw materials, *minus* the waste incidental to the conversion, is the measure of the possible production of manufactured articles. The Constructive industries give out again matter or material (1) *improved* in quality by adaptation, but (2) *decreased* in quantity by waste.

Profit, resulting from the co-operation of working-men, exists only in society, that is, under conditions where and when two or more human beings are acting conjointly for common objects. If income (for organic and functional consumption) is the bounty of nature, then profit is the bounty of society.

Fundamentally, the measure of the excess, the surplus, the increase of the output or produce of an economic society of say 1000 men, working during a specified period of time and co-operating, over and above the output or produce of the same 1000 men working during the same period of time, but acting severally and separately, is the measure of the profit resulting from the co-operation.

The existence of profit, however, has been the sufficient means of gradually raising the standard of living of all classes of working-men, thereby also raising the producing point; so that, for all practical purposes, the standard of living, at the industrial point or margin of industry, of the several classes or sub-classes of working-men being given, or the producing point being given, the measure of the excess, surplus, or increase of the actual produce over and above the actual cost of production, over and above

the sum of all the various forms of income, expended by all of the working-men for organic and functional consumption; the measure of the excess, surplus, or increase of actual price over and above actual cost, is the measure of the profit resulting from the co-operation.

The proof, that profit results from the co-operation of working-men, is contained in Dr. Adam Smith's illustration from pin-making, in M. Say's illustration from the manufacture of playing cards, in Mr. Babbage's "Economy of Machinery and Manufactures," in Mr. Atkinson's "Mechanism and Metaphysics of Exchange," and in all that has been written to demonstrate the superior economy of production on a large scale as compared with production on a small scale; of the factory system as compared with the system of home industries which it has superseded; of *grand culture* as compared with *petite culture*, all of which writings, or the economic truths illustrated and made manifest thereby, are familiar to all students of economic science.

Those nations are richest in which the co-operation of working-men is most extensively and efficiently applied, and those nations are poorest in which such co-operation is least extensively and efficiently applied.

In tabulating or classifying the different nations, distributed in space and in time, which together form the Social Kingdom of Man, we rightly rank those nations lowest in the social scale in which co-operation is least extensively and efficiently applied, and those nations highest in which co-operation is most exten-

sively and efficiently applied. The measure of the extent and efficiency of the co-operation, which prevails severally, within the nations, determine the relative positions of the different nations in the social scale. Every advance in civilisation is the consequence of a corresponding advance in co-operation. The history of discoveries and inventions is the history of civilisation; it is also the history of the co-operation of working-men, of the expansion of industry, of commerce, of finance, and of the increase of the wealth of society.

Profit, resulting from co-operation, is the joint property of all the co-operators. Profit is dividend, that is, wealth to be divided among all the co-operators, "unto each according to his work."

The wage co-operative system, by dividing the total amount of profit realised by an economic enterprise into two equal parts, between the representatives of the element capital and of the element labour, affirms and maintains the co-equality of capital and labour, and by adopting the total amount of wages earned within a given time, by each individual working-man, as the standard for determining the portion of profit due to each working-man, affirms and maintains the hierarchy of economic functions.

It recognises differences in the skill and efficiency of working-men, and provides that the more skilful and efficient shall participate more largely in profits, thus offering a greater incentive to economic skill and efficiency than can be claimed for the wage competitive system even by its most ardent admirers.

By distributing a portion of profits among employees,

according to the total earnings of each within a given time, there is furnished a most powerful inducement to continuous work, thereby reducing to a minimum the chances of irregularity of work, which, under the wage competitive system, is often a very serious difficulty wherever and whenever wages are high and the supply of labour not more than sufficient to meet the demand, which is an almost invariable antecedent and concomitant of high wages.

The wage co-operative system reconciles the subjective interests of employers and employees with the objective interests of society by making the profits of all dependent upon the greatest amount of economy practised by all in the use of time, means, and materials in production. Such a system cannot fail to have a fair share of beneficial influence upon the character of all working-men, alike upon employers and upon employees; and remembering that "the welfare of society and the justice of its arrangements are at bottom dependent upon the character of its members," the wage co-operative system, offering as it does a practical scheme for reconciling the now hostile attitude of employers and employees, is entitled to some consideration.

It cannot be expected, and it is not claimed, that the adoption of the wage co-operative system, or any other system of distribution of profits, will in itself effect those beneficial changes in the character of all classes of working-men which would bring into existence a feeling of greater confidence between employers and employees, and, to that extent, make

their conjoint action more harmonious and effective; but, remembering that character is the result of germinal polarity as modified by pre-natal and post-natal, physical, intellectual, and moral environment, that is to say, the incarnation of ethics, takes place according to the law of heredity, the bush which burneth with fire, but is not consumed, as modified by the power of association, it is submitted that beneficial changes may be accelerated by the establishment of economic conditions which would operate as incentives and stimuli, developing in all working-men the particular characteristics it is considered desirable to possess.

What is claimed for the wage co-operative system is simply (*a*) that it will establish economic conditions which operate as more powerful stimuli and incentives, developing trustworthiness, intelligence, efficiency, steadiness, and economy in all working-men, in a far higher degree, than is practically possible under the wage [illegible]itive system; (*b*) that it will reduce to a [illegible] chances of disputes between employer and employed about the rate of wages; (*c*) and that [illegible] terests of capital and labour [illegible] one with the other by wage [illegible] necessary and [illegible]

classes; it would largely increase the productiveness of industry, and secure a more equitable distribution of wealth than now obtains, without in any way operating so as to decrease the individual responsibility of any working-man for anything he may do or neglect to do, permitting no one but himself to gain or lose by his individual action or inaction, so far as the limitation of the effects of individual action or inaction is possible in society.

In the gingham mill, a broken thread or a shred spoils the web through a piece of a hundred yards, and is traced back to the girl who wove it, and lessens her wages. The stockholder on being shown this, rubs his hands with delight.[1]

If we can determine the measure of the loss which results from negligence or inefficiency, can we not also determine the measure of the profit which results from attentiveness and skilfulness? And if we decrease the amount of the income of the working-man because of negligence and inefficiency, and to the full amount of the loss resulting therefrom, should we not also increase the amount of the income of the working-man because of attentiveness and skilfulness, and also to the full amount of the profit resulting therefrom?

Like every other human contrivance there are difficulties connected with the practical application of the wage co-operative system, some perhaps of which this writer is at present unconscious, but there are several difficulties which immediately present them-

[1] R. W. Emerson, "Conduct of Life," p. 70.

selves, the scope and magnitude of which should, as far as practicable, be distinctly understood and definitely determined.

1. If employees are to participate in profits, should they also participate in losses? Should employees participate in business losses? Yes. But how, and to what extent? It must be constantly borne in mind that under the wage co-operative system every employee would expect to receive, at the expiration of each year, or at the time dividends are usually declared, a portion of the profits of the particular business to which he may be attached, which would represent and be his share of the net profit of the industry of the country; and if the particular business or enterprise to which any particular employee may be attached should not be successful in its operations during the immediately preceding year or other dividend period, the employee would sustain, equally with the employer, a loss of anticipated profits, but for which he would not have attached himself to that particular business or enterprise; his time and talent would be expended without yielding to him anything more than would be needed for his organic and functional consumption during the period of his employment; the fixed capital represented by his skill or intelligence would be expended without receiving anything more than would be necessary to make good the actual wear and tear of work during the period of employment. Beyond this loss of anticipated profit the employee should not be called upon to participate; he could not justly be required to participate in the business

losses of an enterprise, the administration, direction, and control of which would be vested exclusively in the hands of the employer. The employee, like the employer, would suffer the loss of anticipated profits; the capital of each would suffer deterioration; respectively their losses would be measured by the extent of their anticipated profits, and the deterioration of their capital would be in proportion to their possessions.

2. Should an employee, justly and consistently with his position as a joint capitalist, be discharged, for cause, from the particular business or enterprise to which he may be attached? Yes. The employee would have a claim upon the profits of the business resulting in part from his industry; he would have the right to dispose of his own capital, that is, his skill or intelligence, as might best suit his own interests; but he would have no right whatever to dispose of the capital of his employer except in the manner such employer might direct. The claim is that the employees should participate in *the profits* of industry, not in the capital of their employers; and until such profits are actually realised and declared, the entire plant and the entire produce must, as under the wage competitive system, remain in the custody of and under the direction and control of the employer or of his duly accredited agents. Employees could not justly claim to remain in the service of any employer except with the full consent of such employer *freely* given, any more than employers could justly claim to retain the service of any employee except with the full consent of such employee also *freely* given.

3. If an employee is discharged from or leaves the work upon which he may be engaged before its completion, should he be entitled to receive, to participate in, any profit which might be realised upon the completion of the work? The successful execution of all industrial enterprises necessarily depends, in an essential and fundamental degree, upon the regular supply of working-men of the required efficiency, and of many varieties; if this supply fails or falls below the requirements of the work in progress, in consequence of employees leaving before the completion of the work, the result would probably be a very serious loss to the employer or *entrepreneur*, a loss which might mean ruin, and for no fault whatever of the employer or *entrepreneur*. In such a case it would appear that the employer or *entrepreneur* had all to lose but not all to gain. It must, however, be borne in mind that the employee, in leaving his employer and thereby causing his enterprise to result in loss, would also lose the portion of the profit of the enterprise which would have fallen due to him if the enterprise of his employer had resulted in profit; and it will not be possible for such employee to realise, in any other enterprise to which he might subsequently attach himself, any profit for the work previously performed by him. The total amount of wages earned, during a given time, being the standard regulating the distribution of profits, an employee could not, in any other enterprise to which he might subsequently attach himself, include the wages previously earned by him in the enterprise which he had abandoned.

On the other hand, an employee might be discharged from an enterprise at a time when it would be very difficult, perhaps impossible, to obtain regular employment on as advantageous terms as might have been practicable at the time he had attached himself to the enterprise from which he might be discharged. In such a case it would appear that the employee would suffer, not only loss of anticipated profits, but also loss of employment and the income obtained therefrom, in consequence of the act of his employer, without such employer sustaining any loss whatever (it is reasonably presumed that employees would not be discharged unless they could be immediately replaced if required). To remedy this difficulty an agreement should be entered into between employers and employees, at the time of employment, fixing the *minimum* period of continuous work during which an employee must be attached to a particular enterprise to entitle him to participate in any profit which such enterprise might yield.

The performance of continuous work during and beyond such *minimum* period to entitle employees to participate in profits accordingly, whether their employment be terminated by their own act or by the act of their employer. But in the event of their employment terminating before the expiration of such minimum period of continuous work, employees should forfeit their claim to participate in any profits which the enterprise might yield *only* if such employment should be terminated by their own act; if, however,

such employment should be terminated by the act of their employer, then, and in every such instance, their claim to participate in any profit which the enterprise might yield, according to work actually performed, in connection with the enterprise, to remain in full force and virtue, and to be collectible, by the employees which may be discharged, at the dividend period of such industrial enterprise immediately succeeding such discharge.

The portion of profits due to the element labour should always be regularly declared and distributed among the employees, attached to every industrial enterprise, at the expiration of each and every dividend period of each and every particular enterprise or business.

4. How far can the wage co-operative system be practically applied now to the work of the world under existing economic conditions?

The direct application of the wage co-operative system appears to be limited by, and co-extensive with, the application of the principle of simple combination or co-operation of labour to *gainful occupations*, but these include such a very large proportion of the industry of every country, that if the system should be adopted by employers and applied to all such occupations in any country, the average earnings of the employees working under this system would determine the average earnings of the whole body of employees throughout that country.

The wage co-operative system does not appear to be directly applicable to the occupations of Government

and Domestic employees, nor to the non-gainful services or occupations of the employees of the Church and of the School.[1] Such occupations *are not gainful*, consequently there would never be any profits to be distributed. But, even with reference to these employees, the system is indirectly applicable. It must be borne in mind that, under the wage co-operative system, the average rate of profit in the pound of wages received at the end of a year or dividend period by employees attached to gainful occupations would be as easily and as accurately ascertained or determined as we now ascertain or determine the average rate of discount charged by bankers during any year or other period. The system could be applied to government and domestic employees, and to the employees working in the non-gainful services or occupations of the Church and of the School, by engaging them at the current market rate of wages with an agreement that, at the end of the year or some other specified period, they would receive, in addition to wages earned and previously received, a sum equal to what such wages would have yielded as profit if it had been earned in any gainful occupation, such additional sum to be determined by the average rate of profit in the pound of wages realised by employees in gainful occupations during the year or other specified period. With these limitations there is nothing in the nature of things to prevent the wage co-operative system from being adapted and applied to the work of the world to-day; all that

[1] See Tables A, C, D, F, and H of Appendix V., pp. 166–171.

is really necessary is the agreement freely entered into between employers and employees.

5. If labour, as an element facilitating the production of wealth, is the equal of capital, why does it not secure for itself, even under the wage competitive system, an equal proportion of the profits of industry? Under the wage competitive system, working-men are divided into three great groups, employers, and capitalists controlling the element capital, and employees controlling the element labour whose subjective interests are apparently hostile. The great objection to this system is that it really makes their immediate subjective interests mutually antagonistic, other things remaining the same, the rate of wages rising as the rate of profit falls, and the rate of wages falling as the rate of profit rises.

From this fundamental separation of working-men into three great groups there results the condition that, whilst employees have almost complete possession and control of one of the requisites of production —human activity—employers and capitalists have complete possession and control of the entire stock of the produce of previous work (except that portion which is fixed or hoarded by employees), which is not only one of the requisites of production, but which is also *the entire stock of the necessaries and comforts of human life.* In a conflict between employers and employees the latter are, and always will be, placed at a disadvantage, because employers can live on their capital during the suspension of industrial occupations

occasioned by a strike or lock-out, whereas employees have nothing beyond their scanty savings to depend on, and these savings have never yet enabled them to conduct to a successful issue any strike they have entered upon, where and when employers were determined not to yield.

As soon as the savings of employees become exhausted they must of necessity either (*a*) accept whatever terms may be offered to them by employers; (*b*) go on the poor rates or subsist somehow or other on charity; or (*c*) die of starvation.

It is admitted that to those who are prepared to apply practically and without limitation the principle that it is natural and right to "seek to satisfy their desires with the least possible exertion," there need be no immediate necessity for employees to accept either of the three specified alternatives, even after all their savings become exhausted; it might be easier for employees to take possession of the property of employers, and subsist thereon until the entire stock of wealth immediately available for human use became exhausted, and all classes of society be reduced to a common condition of destitution. Such a contingency, however, carries us outside of the sphere of political economy into the department of applied social science presided over by the police authorities. Employers, having legally earned what they possess, cannot be disturbed in their possessions by any one without violating the law, which is the most potent defence and shield of both employers and employees against all

forms of mutual aggression. Respect for the law, and the respectability of the law, this is what has been gained during the long, long struggle, so that to-day the humblest employee cannot with impunity be defrauded of what is legally his: the law protects both employers and employees in their mutual possessions, all of which are equally sacred in the eyes of the law.

The law exists for several purposes, and among these are the protecting and defending the persons and property of all classes of society from all forms of internal and external aggression. The progress of civilisation has been and is towards the establishment of such *balanced* inter-social conditions among the various classes and sub-classes of society, so that neither a single group, nor a combination of groups, may become powerful enough to constitute a menace to the persons or property of any or all of the remaining groups. It is, however, impossible to estimate accurately, and exceedingly difficult to check effectively, the enormous power necessarily wielded by that class of an economic society having legal possession and complete control of the entire stock of wealth immediately available for human use, the entire available capital of society, living under a government in which the civil power is supreme, in which the law is fearlessly administered, and order resolutely maintained.

To-day, with the internationalisation of industry, commerce, and banking, as a consequence of the apparent stability and permanence of the reign of law in society, and with all the facilities of intercom-

munication afforded by steam and telegraphy, different political boundaries, languages, races, climates, religions, have ceased to exist for capital—all of these still exist for labour—which moves from place to place with the rapidity of steam and telegraphy, availing itself constantly of the most advantageous markets, flowing almost spontaneously to those countries where the highest price can be obtained for its use. These means, ever in the service of employers, who control the capital of the country, increase immeasurably their power over the persons and property of employees, that is, over the rest of society.

This power wielded by employers and capitalists, and concentrated in the hands of the bankers, is simply overwhelming—*it is a power which threatens with thraldom the governments of the nations of the earth.* If "life is a search after power," then here indeed is real power. But all classes of society do not participate in this "sovereignty of power." However, this vast economic organisation, and the power which directs and controls it, are not bad, *but good;* they represent, if not the best, at any rate a good "mode of doing each thing," and the best mode is certainly somewhere indicated.

How then shall all classes of society participate in this "sovereignty of power" as embodied in capital? By participating in the profit, the surplus produce, of industry, commerce, and finance, the source from which it flows, and from which all additions to this power are drawn.

"The opinion of the million was the terror of the world, and it was attempted to dissipate it by amusing nations, or to pile it over with strata of society—a layer of soldiers; over that a layer of lords; and a king on the top; with clamps and hoops of castles, garrisons, and police. But, sometimes, the religious principle would get in, and burst the hoops and rive every mountain laid on the top of it. The Fultons and the Watts of politics, believing in unity, saw that it was a power, and by satisfying it (as Justice satisfies everybody) through a different disposition of society —grouping on a level instead of piling it into a mountain—they have contrived to make of this terror the most harmless and energetic form of a state."[1]

The power of political despotism has been completely checked, not by altering the actual political organisation of society, but by extending the political franchise to and thereby diffusing political power throughout the entire mass of citizens; by allowing all classes of citizens to participate equally in political power *at its source.* We have established co-operation between the rulers and the ruled.

Authority and liberty are reconcilable in duty as defined by that law which is the fulfilment of the ethical code, and which is also the affirmation of the sovereignty of ethics.

The power of economic despotism will be completely checked, not by altering the actual economic organisation of society, but by diffusing economic

[1] R. W. Emerson, "Conduct of Life," pp. 28, 29.

power throughout the entire mass of working-men; by allowing all classes of working-men to participate equally, each according to his work, in the profits of economy, *in the source of economic power.* It is only thus that we shall be able to establish co-operation between employers and employees, thereby converting the power of capital into one of the means by which humanity shall climb to the highest possible platform of physical, intellectual, and ethical culture. "This is the right compound interest; this is capital doubled, quadrupled, centupled; man raised to his highest power."

The power exercisible by employers as a class over employees as a class, in the event of a struggle, is founded upon the twofold advantage possessed by employers, as the custodians and controllers of the capital of a country, and which is a consequence in part of the fundamental division of industrial society into great groups, and in part of the internationalisation of industry, commerce, and banking, which characterises the western civilisation of the modern era:—

1. The *greater mobility* of capital as compared with labour.

2. The *greater means of self-subsistence* possessed by employers as a class as compared with employees as a class.

The basis of the relations existing at any time between employers and employees should be ethical. In any appeal to either intellectual or physical force employers as a class have been and are more than a

match for employees as a class. Justice—the rendering to every man that which is his due—is the one common stronghold of both employers and employees, and it should be the watchword of all working-men.

Everywhere employers and employees are being more completely organised, yet their mutual relations are daily becoming more and more strained; students of the economic phenomena of society are being "appalled by the indications of the contest which seems to be approaching in every civilised State."

This armed truce must soon terminate; both employers and employees must soon grow disgusted with a continuous struggle, as among beasts of prey, over the question of how much they shall eat, drink, and wear during the threescore years and ten which is the outside measure of man's life on this planet; and the movement towards a system of co-operation, under which both employers and employees will participate in the profits of their joint industry, is to-day so pronounced, so irresistible, that there is now no choice but to accept some form of the co-operative economic system.

Co-operation has ceased to be a theory only; it is a fact which cannot be ignored, which must be recognised by economists, and its claims to modify the existing laws of distribution must be heard and determined by reference to its advantages in facilitating and increasing the productiveness of industry, and in reconciling differences between employers and

employees. The co-operation and not the competition of working-men must soon be recognised as the regulating principle in the economic organisation of society.

The principle of competition, however, can never be entirely eliminated from society while the spirit of emulation and rivalry inhere in human beings, and, in the opinion of the present writer, it is not desirable that it should be entirely eliminated.

The competition between different establishments in all branches of industry, manifested at industrial exhibitions, national and international, having for its single object the attainment of the maximum degree of administrative and executive excellence in every department of industry, is helpful and not harmful in its influence on society; but the competition between employers and employees, having for its double object the obtainment—from the point of view of the employer—of the maximum of the work in exchange for the minimum of pay, and—from the point of view of the employee—the obtainment of the maximum of pay in exchange for the minimum of work, is to-day an element of danger to society, threatening it with dissolution from the widespread internal dissensions engendered thereby.

The employer receives his extraordinary but indispensable income, his wages of superintendence, as value in exchange for his extraordinary and indispensable services in accordance with the same economic law which apportions to the employee his ordinary and indispensable income, his wages of manipulation, as

value in exchange for his ordinary but also indispensable services; each is entitled to and on an average receives or should receive an income sufficient to satisfy all necessary, organic, functional, and artistic requirements—this is the law throughout the whole hierarchy of industrial functions. But if after all of such requirements have been satisfied, there remains surplus produce, the outcome of the co-operation of the employer and his employees, it is, under such circumstances, only a just and reasonable demand that *such surplus produce, such profit, should be legally recognised as the joint property of all the co-operators*, and that it should be distributed among them—unto each according to his work. "The profit of the earth is for all."

Objectively, the influence of the Wage Co-operative System of Profit-Sharing, by making both employers and employees jointly, directly, and immediately interested *in the final product* of their conjoined efforts, and also *in the permanently stable condition* of the business in which they work, must operate steadily and constantly in the direction which will enhance industrial and commercial efficiency, and which will therefore tend to improve the quality and increase the quantity of all articles of *physical* wealth.

Subjectively, the Wage Co-operative System of Profit-Sharing will secure alike to employers and employees only their just and equitable share of business Profits and Losses, according to the circumstances of production or exchange, resulting from their harmonious and

intelligent co-operation — the share which Unionism tries to secure for employees — without resorting to either of those "*methods of barbarism*," the Strike and the Lock-out.

Unless and until Profit-Sharing between employers and employees is legally established as part of their ordinary and regular business relations, Unionism must continue to do its best to protect and defend the special interests of employees.

VI

The Double Standard Money System assumes that at the beginning of every inter-temporary business dealing the bifurcated interests of lenders and borrowers, of creditors and debtors are in correspondence; the terms and conditions of the business dealing must be regarded as being mutually advantageous or no business would be transacted. The dealing must therefore be regarded as an act of co-operation, of mutual aid, calculated and intended to confer mutual benefit alike upon lenders and borrowers, creditors and debtors.

Every inter-temporary business dealing being in effect an act of co-operation, of mutual aid, at the commencement or date of which there is correspondence between the bifurcated interests of lenders and borrowers, of creditors and debtors, the object aimed at in the Double Standard Money System is to secure automatically the continuance of this condition of co-operation, mutual aid and correspondence between the

bifurcated interests involved, during the whole period of the dealing up to and including the time of the maturity and of the settlement of the dealing.

The means suggested for accomplishing this object are based upon *the one element of certainty* which we can foreknow about the condition of the bifurcated interests of lenders and borrowers, of creditors and debtors, at the maturity of any business dealing, namely, that those interests will diverge, will vary, in some unknown and unknowable degree, according to the ever-varying circumstances of production and exchange, and provision is therefore made for the automatic adjustment and equitable distribution of this divergence, this variation, between the interests of lenders and borrowers, creditors and debtors.

The system is embodied in the following Symbols :—

E = The money value of the transaction at the inception thereof.

F = The quantity of the Regulator article of physical wealth selected, agreed upon, and recorded of the money value of the transaction at the inception thereof.

G = The price of the standard unit of the Regulator article of physical wealth selected, agreed upon, and recorded at the inception of the transaction.

H = The price of the standard unit of the Regulator article of physical wealth selected, agreed upon, and recorded at the maturity of the transaction.

I = The standard money value, or the present worth of the transaction at maturity.

J = The quantity of the Regulator article of physical wealth selected, agreed upon, and recorded of the standard money value, or the present worth of the transaction at maturity.

Formula :—

$$(1)\ \left(\frac{E \times H}{G}\right) + E \div 2 = I$$

$$(2)\ \left(\frac{F \times G}{H}\right) + F \div 2 = J$$

As in determining standard time, we do not rely solely upon artificial measures of time—chronometers, astronomical clocks, &c.—these are being daily adjusted, with mathematical precision, so as to make them correspond with the natural measures of time—the sun, the moon, and the stars; even so in determining standard value, we should not rely solely upon the artificial measure of value—money; its numerous variations—as manifested in the ever-varying prices of all articles of physical wealth, other than gold, or other than gold and silver,—should be recorded daily, so that in all inter-temporary transactions there may be always available, for their equitable adjustment, an authoritative register of the prices of all articles of physical wealth and of the variations of such prices in time.

Of course we need the artificial measure of value—money, just as we need the artificial measure of time—chronometer; but as we do not rely solely upon the artificial measure of time in determining standard time, the unequivocally correct time of day, neither should

we rely solely upon the artificial measure of value in determining standard values, the unequivocally correct values of commodities, adjusted according to their variations in time.

Certainly the magnitude of the interests involved makes the daily determination of standard value a matter of public importance equal to the daily determination of standard time. If wealth can be set aside for the employment of astronomical experts, for the equipment of time observatories in order that standard time may be determined daily with unerring certainty, wealth cannot be wanting, wealth can also be set aside for the employment of economical experts, for the equipment of a Department of Values, to be added to the Board of Trade or Treasury of every nation, in order that, by means of the daily publication of an Official Standard Price Current, which shall be the daily particular average of the price of the standard unit of each staple article of commerce on the principal national exchanges, the variations of inter-temporary values, as manifested in the difference between the price of the standard unit of any staple article of commerce at the maturity or termination of an inter-temporary transaction, as compared with the price of such article at the inception of such transaction, may be equitably adjusted and standard value determined with unerring certainty.

Of values distributed in space every one interested may be thoroughly informed, may know daily, in these days of the omnipresence of lists of current prices, what

are the actual variations of value by reference to the reports from the produce and stock exchanges of the world, as they are flashed with lightning rapidity broadcast throughout the length and breadth of the realms of industry and commerce.

But of values distributed in time, no one can foreknow exactly what their variations will be, hence the justice and the necessity of the Double Standard Money System, in all inter-temporary transactions, in determining standard value.

With standard value so determined, the manifold variations in the value of all articles of physical wealth, of all the staple articles of commerce and industry, could be equitably adjusted, automatically and popularly, and the function of governments, with reference to the standard of value, would continue to be, as at present, simply declarative.

The equation of all inter-temporary values, under the Double Standard Money System, being based upon the prices published daily in the Official Standard Price Current issued from the Department of Values, would be readily and easily adjusted by the parties immediately interested in all inter-temporary transactions, as they may from time to time mature, without any further intervention of officials than is now found necessary under the Single Standard Money System.

The Double Standard Money System, in every inter-temporary transaction, will distribute equitably between creditor and debtor, in every single instance, either the gain or the loss resulting from either the

appreciation or the depreciation of every article of wealth; dividing between them alike "the unearned increment" and "the unexpended shrinkage." Is not this the standard of the honest payment? Is not this the standard of the just claim?

The change from the Single to the Double Standard Money System would occasion no inconvenience to accountants, the variations of money values being written off or written on as depreciation or appreciation, and adjusted through a special appreciation and depreciation account.

The equitable determination of "The Battle of the Standards" is a matter which interests not only private creditors and debtors, lenders and borrowers, but it is also a matter of direct and urgent interest to all the taxpayers of every debt-burdened nation on this planet; and the measure of the degree in which, under the Single Standard Money System, the discharge or settlement of inter-temporary transactions "are not reasonably mutual," is also the measure of the urgency for necessary action leading up to the formal and authoritative establishment of the Double Standard Money System; respecting fully and adequately all vested interests, but remembering that, since 1871, the monetary legislation hostile to the free and unlimited coinage of silver into full legal tender money on private account has in effect modified, in favour of the creditor, almost all current inter-temporary transactions which had existed prior to that date.

Under the Double Standard Money System all

interests would co-operate to secure the utmost stability of prices practicable; the appreciation or depreciation of money being divided equally between creditor and debtor, between lender and borrower, neither could be the exclusive gainer or loser by the temporary creation of fictitiously high or low prices. Those engaged in the extractive and constructive industries could then enter upon enterprises destined to increase the sum of physical wealth available for human use with a degree of confidence as to the money value of the anticipated output nowhere now obtainable; enabling them to employ profitably—and thereby increasing the sum of physical wealth immediately available for human use—all the capital and the labour which, remaining idle, constitute the former, the temptation to disturb the existing order, the latter, the menace of the existing order. This idleness of capital and labour forms a very considerable portion of the waste which creates the want in the midst of industrial and commercial conditions, wherein an abundance of means exist for producing the sufficiency of the wealth needed for the comfortable maintenance of all. And with the sum of physical wealth immediately available for human use increased, there would be also, as a consequence, after providing for the needs of all working-men employed in the extractive and constructive industries, increased means for maintaining the professional classes and the classes employed in performing the various services connected with the function of exchange.

Greater stability of prices, greater uniformity in the exchange value of money tend, by creating greater confidence in the results of their operations in the minds of the leaders of the great producing industries of the country, to widen the area of industrial operations, and by so doing to give employment to a larger number of working-men. In like manner, easier conditions of access to agricultural land tend to enable working-men to find employment for themselves in producing from the land the commodities needed to provide for their own maintenance.

We cannot see far along the way of the path leading towards a better social order, we must be content if so be it we are permitted to see so much of the way of the path as is necessary to justify us in taking one step forward. This much, however, we do know, this much we can see. If a man has a home and regular employment, by which he earns a regular income sufficient to provide himself and family with all the necessaries and a few of the luxuries of life, an income sufficient to maintain himself and family up to their habitual standard of living, it is a very difficult matter indeed to draft any man so conditioned into the ranks of those who are described as the "dangerous classes." Let us therefore try in all lawful ways, by all lawful means, to utilise the wealth immediately available for human use, so as to increase the number of men who have homes and regular employment, and regular and sufficient incomes—"fat, sleek-headed men, and such as sleep o' nights;" and to decrease the number of

men who have no homes, no regular employment, no regular income, but who have "a lean, hungry look"; such men are dangerous.

The money question, like the land question, is fundamental in its influence upon the industry and commerce of the whole nation. It is, therefore, only reasonable to anticipate that, under the Double Standard Money System, with greater stability of prices, and with greater uniformity in the exchange value of money, the area of economic operations would expand steadily and constantly, absorbing more regularly the normal increase in the supply of labour resulting from the growth of population, and so tending gradually to make the problem of unemployment less acute.

In this way it may yet be within the realm of the practical to employ profitably within the country its ever-increasing population, and so provide at home an ever-expanding market alike for the produce of the farms and for the produce of the factories, without ceasing to extend and expand to their utmost capacity the area and volume of external commerce.

We have "seen the north-west flow to the south-west, one people driving another before it, and lordship and property altogether changed." But after all the driving and fleeing, those who remain in possession, like those dispossessed, desire only a place of useful activity and final repose. Let us, therefore, endeavour to secure the co-operation of all the strong social forces—religion, nationality, family—to the end that, under the economic order which shall be, all of us may

cease from involuntary and compulsory wanderings to secure the necessary means of comfortable existence, and be able to say, "Here, or nowhere, is Hernhuth."

All commodities, produced by human industry, which are, in the ordinary course of business, placed on the market, are sold for and converted into money, most of them several times, before reaching the hands of the ultimate consumers. The question of prices is, therefore, of the utmost importance to all producers and exchangers.

The soul of the money problem is not any fear "that there will not be enough gold" and silver (money) wherewith "to carry on the trade of the world," to facilitate the exchange of commodities, although the present universal financial pressure, simultaneously with the unprecedented increase in the world's production of gold during the past thirty-six years,[1] which still continues, new records being established every year, and every financial crisis seems designed to teach us that the creation and multiplication of bonds, finance bills, and other instruments of business credit must

[1] 1. The world's total production of gold during the period of 414 years from 1493 to 1906 inclusive has been about £2,415,591,089 sterling.

2. The world's total production of gold during the period of 36 years from 1871 to 1906 inclusive has been about £1,264,747,289 sterling.

3. The world's total production of gold during each of the six years from 1901 to 1906 inclusive has been about as follows :—

1901	£52,198,580
1902	59,347,520
1903	65,540,540
1904	69,617,460
1905	75,427,020
1906	80,094,089

See Table B of Appendix VI.

be limited in some degree by the immediately available *supply of unlimited legal tender metallic money*, for satisfying both national and international claims, which is alike the only real, durable, permanently and universally acceptable, store of value and the only legal means of ultimate redemption of the credits created; but whether or not, with industrial and commercial conditions, under the Single Standard Money System, with steadily increasing populations, with steadily increasing quantities of commodities being produced and being exchanged at intermittently but steadily declining prices for such commodities, producers selling at such prices will be able to fulfil all of their inter-temporary obligations, and so be able to keep themselves out of the Bankruptcy Court; whether or not the identical amount of any inter-temporary obligation, expressed in terms of money contracted at any particular place and time, taking the price level at that particular place and time as the equilibrium, should justly be regarded as the amount due by the debtor to the creditor, at some subsequent period, without reference to any rise or fall of the price level which may have taken place; whether the profit which accrues to lenders by the appreciation of money or by the fall of the prices of commodities should be exclusively appropriated by lenders, or whether such profit should be equally divided between lender and borrower, and whether the profit which accrues to borrowers by the depreciation of money or by the rise of the prices of commodities should be exclusively

appropriated by borrowers, or whether such profit should be equally divided between borrower and lender.

It is claimed that as a consequence of the variations of value in time, under any money system, in all inter-temporary transactions, legal provision should be made enacting that all variations of value should, at the time of the maturity of such transactions, be equally divided between creditor and debtor, between lender and borrower, according to the "reasonably mutual principle" embodied in the Double Standard Money System as set forth herein.

It is also claimed that, under the Double Standard Money System, there will be greater stability of prices, greater uniformity in exchange value of money, than is possible under the existing Single Standard Money System. These conditions will generate in the minds of the leaders of the industry and commerce of the country greater confidence in the profitable results of their operations, and so ever tend to widen their area and to enlarge progressively the field for the permanent and regular employment of working-men, and thereby help to bring into existence an improved industrial and commercial order, under which there will be greater steadiness and security for the constant employment of both capital and labour, under which there will be greater possibilities for the manifestation of more harmonious relations between all classes of working-men, by whose co-operation the wealth of the world is produced and distributed, and the material means provided for the amelioration of the conditions of human life.

Objectively, in every inter-temporary transaction, the influence of the Double Standard Money System, by making both lenders and borrowers, creditors and debtors gain and lose jointly and simultaneously, by making them jointly, directly, and immediately interested—alike at inception and at maturity—*in the final product* of the business in which their Capital may be jointly invested, and also *in the permanently stable condition* of such business, must operate steadily and constantly in the direction which will enhance industrial, commercial, and financial efficiency; and which will therefore constantly tend to secure *less* frequent and violent *fluctuations* and *more stability* in the prices of all articles of both *physical* and *speculative* wealth.

Subjectively, in every inter-temporary transaction, the Double Standard Money System will secure alike to lenders and borrowers, to creditors and debtors *only their just and equitable share of both the business Profits and Losses* resulting from the investment and operation of their *joint* Capital, by making it impossible for either lenders or borrowers, creditors or debtors to gain or lose *exclusively* by the natural or artificial creation of high or low Prices. It will divide equally, between lenders and borrowers, creditors and debtors, alike the unearned increment and the unexpended shrinkage; it will secure for their safety and benefit those more constantly stable conditions of production and exchange which are everywhere and always necessary to establish and maintain confidence in those industrial and commercial enterprises in which both the

Capital and Labour of the country are employed—which the Trust tries to establish for the exclusive advantage and benefit of *Entrepreneurs* — without resorting to questionable combinations or agreements, or other objectionable speculative methods of business.

Unless and until the Double Standard Money System is established by law the Trust will continue to be developed and perfected, for the protection and defence of the special interests of *Entrepreneurs.*

Prior to 1871–73, for practical business purposes, only the United Kingdom, France, Holland, Spain, Portugal, and the United States were gold-money using nations; all the other nations used silver-money; and silver, equally with gold, was always available for the settlement of both international and national transactions.

Since 1871–73, gold, superseding silver, has become *the sole money metal* for the settlement of all international transactions.

The practical effect of the currency legislation which has established gold monometallism as the basis of the Single Standard Money System throughout the western civilisation has been (1) to destroy the use of silver as money in settlement of all *international* transactions, and (2) to extend the British monetary system (which from its establishment in 1816 to 1871 operated effectively *only within* the United Kingdom, silver being available as the basis of international business dealings even with the United Kingdom) to the whole of the West, to India and to Japan, with the

result that the scramble among the nations for gold to take the place of silver in all *international* dealings, and for the large and more important national dealings also, has become so great that, notwithstanding the enormous production of gold since 1871, and the still steadily increasing annual production of gold which, it is estimated, will again double itself during the period from 1906 to 1916, there is still the *universal financial pressure*, and the international competition for gold continues to be most abnormally keen.

After thirty-six years of progressive gold monometallism difficulty is experienced by the bankers, even on the great "free market" for gold, in maintaining at reasonable cost sufficient reserves of gold to provide the necessary *metallic money* upon which must rest those vast, complicated, ever-expanding and ever-increasing structures of national and international business and credit which grow out of modern industrial and commercial conditions.

The signs of the times indicate clearly that the policy of gold monometallism for all the nations, which has dominated both the national and international situations since 1871–73, is not a permanently satisfactory solution of the money problem.

Reuter's Telegrams, London.

"19*th October* 1907.

"A telegram from New York states that there were hourly sensations on the stock market this afternoon, when the Clearing-house demanded the resignation of every direc-

tor of the Mercantile Bank as a condition of the Clearing-house's assistance; the resignations were immediately given, and Mr. Ridgely, the Comptroller of the Currency, accepted the presidency of the Mercantile Company, which had the effect of reassuring the public."

"*20th October* 1907.

"The Association of the New York Clearing-house has arranged to pay the deficiency of the Mercantile National bank, though the question of further assistance depends upon the attitudes adopted by some of the directors; Mr. Ridgely on the 20th October refused to accept the presidency, and the situation is further complicated by a statement that Mr. Charles W. Morse has resigned all his directorships owing to his connection with the affairs of the Mercantile National Bank."

"*23rd October* 1907.

"The Knickerbocker Bank stopped payment at 12.30 P.M. to-day; it is unable to obtain specie, but is solvent, and resumes payments to-morrow; the announcement caused a violent slump on the stock market. Mr. Cortelyou is going to New York, and has said that he will not hesitate to deal promptly and adequately with any situation which may arise."

"*24th October* 1907.

"The Trust Company in America has successfully withstood a run upon it until closing time. Mr. Cortelyou has deposited ten million dollars in the local banks to-day; this steadied the market. Receivers have been appointed for the Westinghouse Electric and the Westinghouse Machine Companies. The bank rate is unchanged. The concensus of opinion is that the London market has remarkably withstood the New York influence, thus showing that it has rid itself of American speculative commitments."

The London Times, Friday, 25th October 1907.

(From our own Correspondent.)

"CHICAGO, *24th October.*

"The Westinghouse have telegraphed to me that their troubles are solely due to acute financial stringency and inability to renew paper and secure increase of capital to conduct an expanding business. The Electric Company and the Machine Company are solvent; they are doing the largest and most satisfactory business in their history, and each company is earning liberal dividends."

Reuter's Telegrams, London.

"*25th October* 1907.

"A receiver has been appointed for the Union Trust Company and also for the Knickerbocker Bank; the sub-Treasury has hitherto supplied the banks with twenty-three million dollars, and is continuing its aid; it is understood that negotiations are being conducted for the importation of ten or fifteen million dollars of gold from Europe if the runs continue upon the banks and trust companies. There have been six more suspensions of institutions with small capitals, but their aggregate deposits are thirty-four million dollars. The entire Cabinet except Mr. Cortelyou met at Washington to consider the situation. Mr. Cortelyou to-day deposited eight millions in the New York banks."

"*27th October* 1907.

"The New York financiers are optimistic in view of the prospective influx of gold from Europe and South America. Mr. Roosevelt has written to Mr. Cortelyou congratulating him and other financiers upon the manner in which they have handled the crisis which threatened the destruction of credit."

"*29th October* 1907.

"Mr. Cortelyou announces that the Government has 213 million dollars deposited in the National Banks.

"President Roosevelt has approved of using Panama Canal Construction Bonds if additional deposits are necessary."

"*30th October* 1907.

"Financial stress is becoming general throughout America; specie is most scarce, and the banks are enforcing sixty days' notice of withdrawal of deposits."

"*31st October* 1907.

"The New York stock market closed irregular owing to half a million dollars in gold being engaged in Paris and Melbourne."

"*1st November* 1907.

"The New York market shows a general rise of prices after an irregular opening."

"*2nd November* 1907.

"The S.S. *Lusitania* takes two millions in gold to New York to-day; the money panic has increased, and the unemployed are estimated at 60,000."

"*3rd November* 1907.

"President Roosevelt is being urged by prominent financiers to summon an extra session of Congress to deal with the financial situation."

"*4th November* 1907.

"The monetary stringency in America still continues to such an extent that even the New York Municipality are paying their employees by cheque. The American banks continue to import gold, and if unstopped an 8 per cent. bank rate is anticipated, though the Bank of France may assist."

"*5th November* 1907.

"It is rumoured that the United States intend to issue a large national loan at 4½ per cent., redeemable in two years.

"The New York Trust Company and the Lincoln Trust Company have resumed business as a result of the help furnished by the bankers, whose conference with Morgan's house has been practically continuous from Friday last until 5 A.M. yesterday.

"The markets generally are better, but a 7 per cent. bank rate will not cause surprise."

"*6th November* 1907.

"The dislocation of business in America continues, and three months gold must continue to flow into America until the most pressing needs are satisfied in New York.

"The London markets are advancing slowly."

"*7th November* 1907.

"Discount 7 per cent. French bank rate raised from 3½ to 4 per cent. A telegram from New York states that a further two million dollars in gold is engaged, making a total of thirty-nine millions; and consequently, as was expected in London, in the afternoon the bank rate rose to 7 per cent., and is an absorbing topic of conversation, as it is the highest for thirty-four years. Bankers generally are reticent; a leading financier at an interview said that America must take the most drastic steps to assemble Congress to sanction a big issue of 'greenbacks,' and must act as soon as possible."

"*8th November* 1907.

"Bank rates have been raised in all the European capitals. The German bank rate is the highest since the foundation of the Imperial Bank. Crowds waited early to view the discounting paper before the advance, but the doors were closed while the directors conferred, and the

rush was frustrated. Fifty million marks have been withdrawn since the 15th of October. With the exception of a quarter rise of Consols, gilt-edged securities have again declined."

"12*th November* 1907.

"Chicago has engaged another million in gold from London. The Bank of France will assist the United States with another £3,000,000."

"14*th November* 1907.

". . . It is reported that an agreement has been made in London, Paris, and New York to relieve the tension."

There is no uncertainty about the immediate antecedents of this financial crisis—*insufficient supplies of unlimited legal tender metallic money available to discharge both national and international obligations;* nor is there any uncertainty about the effective means which must be provided to relieve the situation—*there must be increased supplies of unlimited legal tender metallic money available to discharge both national and international obligations* and to sustain those enormous structures of credit dealings the balances of which must ultimately be redeemed in unlimited legal tender metallic money.

From what source—London, Paris, or Berlin—is this stream of gold to continue to flow into the United States for three months?

And from what source will the depleted reserves of London, Paris, or Berlin be replenished?

The world's supply of unlimited legal tender metallic money can be permanently increased, and the

metallic money foundations upon which those vast and ever-expanding structures of national and international business and credit rest can be widened, solidified, and made more stable *only by the re-establishment throughout the world of the monetary conditions which had existed prior to* 1871–73. This remedy has been urged upon the nations at the Monetary Conferences of 1878, 1881, and 1892; and upon the United Kingdom by the Governments of France and of the United States in 1898: *the re-opening of the mints of the great commercial nations to the free and unlimited coinage of both gold and silver into unlimited legal tender money on private account at the ratio of* 15·5 *of silver to* 1 *of gold,* the *ratio of exchange* which practically governed the relative value of silver and gold during the whole period from 1687 until 1870, and which has been put forward authoritatively by the Governments of France and of the United States in 1898 as the basis for the international settlement of the money problem, *will give to the nations the greatly needed increased supplies of unlimited legal tender metallic money available for discharging both national and international obligations.*

We must return to bimetallism—to the monetary conditions which existed prior to 1871–73; and we must cease to carry all our eggs in one golden basket.

Prior to 1492 the ratio of exchange was about 10·5 of silver to one of gold; the ratio of production for this period is uncertain. "For twenty centuries before

the discovery of America there was considerable stability in the ratio of gold to silver; with few exceptions the value of gold did not exceed twelve times that of silver, and during the Middle Ages it was for the most part under that ratio. . . ."

"The ratio of gold to silver at the time of the discovery of America was about 1 : 10·5, and had not varied much from that figure for twenty-five years previously; indeed, the variation had probably not exceeded one unit in the 150 years immediately preceding this date (1492). . . ."[1]

The world's production of *gold* during the period of 414 years from 1493 to 1906 inclusive has been of the coining value of about £2,415,591,089 sterling. Of this sum, as much as about £1,264,747,289 sterling has been produced during the thirty-six years from 1871 to 1906 inclusive.

The world's production of *silver* during the period of 414 years from 1493 to 1906 inclusive has been of the coining value of about £2,542,361,060 sterling. Of this sum as much as £1,120,884,060 sterling has been produced during the thirty-six years from 1871 to 1906 inclusive.

The *ratio of production* of silver and gold[2] for the whole of the period of 414 years from 1493 to 1906 inclusive has been about 14·4 of silver to 1 of gold.

Prior to 1871–73 both gold and silver could be

[1] "Dictionary of Political Economy," by Mr. H. Inglis Palgrave, F.R.S., vol. iii. pp. 181, 182.

[2] See p. 216.

used for the discharging or the settling of all international monetary obligations or claims.

Since 1871–73—as one of the consequences of the monetary legislation closing the mints of the nations against the free coinage of silver into unlimited legal tender money *on private account*—ONLY GOLD has been available for use in the discharging or the settling of international monetary obligations or claims, and for practical international monetary purposes *all the silver in the world has been destroyed and has become unavailable for the discharging or the settling of international monetary obligations or claims*—that is to say, during the period of thirty-six years ending 1906 *one half of the precious metals in the world has not been available for use in international dealings;* and during the same period of thirty-six years the populations, industry, and commerce of all the nations have increased and expanded to an unparalleled extent; and the development of the vast natural resources of new countries, or of the natural resources of the more backward sections of the old countries by means of loans, has created and multiplied national, industrial, and commercial bonds and other credit instruments—paper representations of wealth—to an extent corresponding with this world-wide development of the resources of this planet, *all demanding ever-increasing supplies of unlimited legal tender metallic money*—which are real stores of value, and which contain within themselves their own redemption—*as foundations* upon which these vast and ever-expanding

structures of business and credit must rest *if the confidence* of the average thrifty men and women, who save and invest, *is to be maintained* in the ability of the great financial institutions, who float the loans needed for world-wide development purposes, to redeem all these paper representations of wealth in unlimited legal tender metallic money.

If *this confidence* of the average thrifty men and women who save and invest *is seriously disturbed or weakened*, there will be a manifestation of the timidity of capital, there will be alarm among investors, and although the properties represented by the securities held by investors may be sound, and their profit-yielding capacity unimpaired, yet there will be a run made on the banks, and large masses of prudent investors will be seized with the irresistible determination to exchange their paper representations of wealth for unlimited legal tender metallic money,[1] to see "the

[1] London, 24th October 1907. One of the worst financial panics which have taken place for years threw New York into a fever of excitement on Tuesday, when the Bank of Commerce's refusal to "clear" for the Knickerbocker Trust Company caused such a run on the company's funds that, after millions of dollars had been paid out, payment was stopped. Women in costly furs fought with poor people for the privilege of entering the premises, and in consequence there was a scene of almost unprecedented fury. The company is now declared to be "hopelessly insolvent."

New York, Wednesday. At noon the line of depositors waiting outside the doors of the Trust Company of America extended a block and a half, but investigation showed that the accounts which have been withdrawn are on the whole small, and none of the larger depositors are withdrawing.

Wall Street presented all day a picture of intense activity, and unusually large crowds surged everywhere in the business quarter; but the storm centres were the doors of the new building of the Trust Company

colour of their money" once more; and this determination will continue to demand satisfaction until the

of America, the Sub-Treasury building, and the entrance to the Stock Exchange in the same neighbourhood.

The building occupied by the Trust Company of America is a palatial marble-fronted erection. In front of it was gathered a crowd of more than five hundred persons waiting to get an opportunity to make their way inside and withdraw their accounts. They overflowed into the roadway and blocked all traffic.

The police sought to keep the crowd in the roadway in lines, but among those pressing within the long narrow hallway of the building all semblance of order disappeared, and a terrible crush resulted, the people being wedged together like sardines in a box.

The colonial branch of the same company in Broadway was besieged by anxious depositors all day long, the file extending a considerable distance along the street.

New York, Wednesday. The Trust Company of America successfully withstood the run of depositors until the close of banking hours.

It is estimated that 7,000,000 dollars (£1,400,000) was paid out by the Trust Company of America. The chairman of the executive committee promised that the establishment would open as usual to-morrow morning, and added that they had funds in plenty.—REUTER.

London, 25th October 1907. The terrible financial panic is spreading in the United States.

Yesterday several banks closed their doors in New York. There have been big crashes at Pittsburg and at Birmingham (Alabama), and the State Bank of Nevada has closed its doors.

New York was in a frenzy all day.

At one time as much as 100 per cent. was demanded and paid in Wall Street for call money, and a hideous drop on the preceding day's prices resulted.

A pool of financiers, headed by the banking firm of Morgan and Company, averted the danger of a total collapse by supplying between £5,000,000 and £6,000,000 at 10 per cent., and prices sprang up again.

At the end of the day the conditions of the money market were so strained that even the bank officials, who had hitherto deprecated the talk of the insured issuance of Clearing-house certificates, admitted that the Associated Banks might be forced to have recourse to such a measure.

New York, Thursday (later). At noon there was a meeting of the presidents of some twenty trust companies at the office of the Union Trust Company. Shortly afterwards large supplies of specie were sent from

confidence of the average thrifty men and women, who save and invest, is restored by the sight of what they

that office to the Trust Company of America, on which the run still continues.

Almost at the same time the news was spread that Mr. J. D. Rockefeller had deposited 10,000,000 dollars (£2,000,000) with the Union Trust Company, to be used in aiding that company. Mr. J. P. Morgan and Mr. Jacob H. Schiff were also engaged in consultation.

Just before two o'clock the market became agitated by the rise in the price of call money, which in small lots ranged between 50 and 70 per cent. Almost immediately afterwards one loan was transacted at 100 per cent.

When the money rates rose in this sky-rocket fashion, a violent slump was produced.

The slump was followed by a period of wild agitation, feverish rallies ensuing. Union Pacific recovered 5 points, Northern Pacific 4¾, Amalgamated Copper 3½ from the lowest prices.

The rally was due to an announcement made on the Exchange at twenty minutes past two that a pool had been formed which would supply brokers with all the money they required to close their operations to-night.

Within ten minutes of this announcement call money dropped with a run to 10 per cent. The amount of the pool loans made on the Stock Exchange was about 25,000,000 dollars (£5,000,000).

New York, Thursday. Determined to break up the monetary stringency, Messrs. Morgan & Co. loosed 25,000,000 to 30,000,000 dollars at 10 per cent. just prior to the closing.

The scene that followed was the wildest of the year, the prices of many stocks jumping from 4 to 6 points.—EXCHANGE.

New York, Thursday (5 P.M.). A run began at noon on the Home Bank in Baltimore, the depositors of which are mostly foreigners. The withdrawals totalled only £10,000. According to the bank officials the institution is solvent.

The *Evening Post* learns at the office of the State Bank examiner that over £40,000,000 has been withdrawn from local banks in the last two or three weeks owing to the panic among depositors.—REUTER.

A MILLION FOR AMERICA

London, 28th October 1907. America, as expected, swooped down upon the million sterling of gold available in the open market, and by paying the very high price of 78s. per ounce, it secured the lot. It was generally believed that about half a million in sovereigns was also leaving

may regard as sufficient supplies of unlimited legal tender metallic money to make the ultimate redemp-

the bank for America, but no such movement was announced, though anything up to a million will probably go between now and Wednesday.

London, 29th October 1907. New York, Monday. Despite heavy rain, eighty persons remained throughout the night before the offices of the Lincoln Trust Company, and forty-five at the Trust Company of America.

The banks of Chicago, Indianapolis, Kansas City, Milwaukee, and elsewhere have decided upon the issue of Clearing-house certificates.

Two million dollars in gold are to be imported, in addition to the six and a half millions announced yesterday.—REUTER. *The Daily Mirror*, London.

In the *collapse of credit* in the United States we are witnessing, not for the first time, one of the results of the experiment, which has been and is still being tried in that country, OF CONVERTING THE NATIONAL DEBT INTO MONEY!

The redemption of the paper currency supplied to the people through the National Banks of the United States is secured, not by deposits of gold equal in amount to the par value of the paper currency issued by the National Banks, as is done in the United Kingdom (see Appendix No. VI., p. 172); not by deposits of gold, and of unlimited legal tender silver money equal in amount to the par value of the paper currency issued by the National Banks, as is done in France; but by deposits of the bonds of the United States Government, which are *not* stores of value containing within themselves their own redemption, but, like the paper currency of the National Banks, need supplies of gold and silver unlimited legal tender money to secure their own ultimate redemption.

Here we have a nation apparently unwilling to secure the ultimate redemption of the paper currency issued to its subjects, through its National Banks, by deposits into its own Treasury of unlimited legal tender GOLD AND SILVER MONEY—*which are stores of value containing within themselves their own redemption*—equal in amount to the par value of the paper currency issued by its National Banks, but which readily authorises the issue of paper currency upon the security of bonds representing, not a national asset, but a NATIONAL LIABILITY; and the National Banks are hungering and thirsting, not to secure authority for the issue to the people of supplies of *paper currency secured by gold and silver* unlimited legal tender money, but to obtain authority for the issue of paper currency secured by bonds of inferior credit value to the bonds of the Government of the United States. This new variety of paper currency is called asset currency by its advocates, but by those who oppose its issue it is spoken of as "CYCLONE CURRENCY SECURED BY WIND"! (See Appendix No. VI., pp. 172–221).

tion of all the bonds, credit instruments, and other paper representations of wealth reasonably certain.

In times of financial crises the need is for larger supplies of unlimited legal tender metallic money, and the supplies of both gold and silver are not more than sufficient to satisfy this ever-recurring need.

Wealth is power. UNLIMITED LEGAL TENDER MONEY, WHICH "ANSWERETH ALL THINGS," IS THE MOST POWERFUL FORM OF WEALTH.

Under the Single Standard Money System there is the irresistible tendency of money to become concentrated within and under the absolute control of the [1]EXCHANGERS group of working-men and subject to the dominating primacy of the Bankers.

The establishment of the *Double* Standard Money System will arrest and counteract this tendency.

VII

We are at the beginning of the economic era of syndicates, trusts, rings, pools; of federations, consolidations, amalgamations. We have Napoleons of finance; kings of all the representative staple articles of physical wealth; merchant princes; land and water transportation barons; building and manufacturing barons; captains of industry; and labour leaders.

All these are signs of the times that the economic order resting upon the principle of [2]*individual com-*

[1] See Appendix No. V., pp. 166–171.

[2] The oldest of folk-lore stories about our legendary common mother reveals the insatiable curiosity which animates the insurgent individualism

petition as its foundation is gradually passing away, the walls of the structure are tottering, and will ultimately fall as its foundation is being gradually destroyed.

As stated by Mr. Martin H. Knapp, Chairman of the Inter-State Commerce Commission of the United States, as reported in *The Commoner*, Lincoln, Nebraska, 27th September 1907 :—

"The axiom, *competition is the life of trade*, must be discarded if we are to progress. The obvious tendency of the age is to combine, and I think this tendency is to become more pronounced as we grow older, and industrial and commercial civilisation is perfected. . . . The constant friction of unbridled

of the human race at the source of our lives and throughout all of our generations.

Man has "dominion over the fish of the sea, and over the fowl of the air, and over the cattle, and over all the earth, and over every creeping thing that creepeth upon the earth," and over all the forces and powers operating within and upon the earth.

In order that we may develop and perfect this dominion over the natural order, and also simultaneously develop and perfect, in an intelligent and reasonable manner, the social order which operates upon and has dominion over the life and work of man himself, but which rests and depends upon the natural order, modified by human efforts, which tend to bring many of its regular and normal manifestations more and more into harmony with human needs and requirements, it is ever necessary that suitable provision should always exist for the encouragement and development of an intelligent and reasonable individualism, in order that there may come into being, regularly and normally, that infinite variety of human tastes, aptitudes, talents, and capacities, which are required to seek out, discover, and set in order all of the discoverable knowledge concerning all the modes of manifestation of being in the mineral, vegetable, animal, and social worlds, on this planet, and throughout the system of worlds to which this planet belongs.

There is need for the development of an intelligent and reasonable individualism as diverse in its modes of manifestation as are the varied

competition has become irksome. We are drifting towards a world-wide financial federation."

There has been the gradual coming into being of a modified economic order resting upon the principle of *corporate co-operation* as its sure and stable foundation.

The conflict between these rival principles is irrepressible—we see everywhere the principle of co-operation asserting itself, clamorantly demanding recognition and legal generalisation as the foundation principle upon which the ever-enduring, the REAL ECONOMIC CITY must be built. Into this haven of peace and prosperity all may enter who are ready and willing to bear their fair share of the burden of the every-day work of the world —in Church, State, and School—to take part in those

phenomena of the natural order and also of the social order within which we live and move and have our being.

As it has been found useful and necessary to preserve the individualism of different species belonging to the different genera in the biologic world, developing and perfecting the various special, useful, and beautiful qualities discovered among the animals and plants inhabiting this planet, so in the human world there is need to encourage the development of an intelligent and reasonable individualism in man whose diversity of manifestation will be co-extensive with and only limited by the diversity of the manifestation of the phenomena of the natural and social orders within which man lives. *Individualism is the salt of the earth.*

An intelligent and reasonable individualism is co-operative and interdependent in its operations, and needs to have the findings of its own special efforts supplemented by the findings of the special efforts of others before practical and beneficial results can be obtained.

Within every sphere of human effort there should be adequate provision made for the development to the utmost extent of an intelligent and reasonable individualism. Every attempt to suppress it in Church, State, or School has always produced disturbing consequences, resulting ultimately in the triumph of individualism over every organised effort at its suppression; any order attempting to suppress it to-day will soon begin to realise and feel individualism as the engine and will discover itself as the cow.

alternative periods of useful and harmonious activity and of necessary and enjoyable rest and change which constitute fulness of life and completeness of repose.

As expressed by President Roosevelt in his speech at St. Louis, reported in the *Daily Telegraph* of the 3rd October 1907 :—

"Centralisation has already taken place in the world of commerce and industry. All I ask is that the national Government look this fact in the face, accept it as a fact, and fit itself accordingly for a policy of supervision and control over this centralised commerce and industry."

In Mill's "Principles of Political Economy," Book IV., chapter vii., "On the probable futurity of the Labouring Classes," there is set forth considerable evidence showing how widespread throughout the West were the varied forms of the co-operative or profit-sharing movement as far back as fifty years ago; since that time the movement has been steadily increasing and expanding in volume, value, and in the variety of the modes of applying the principle of profit-sharing within the field of production as well as within the field of distribution and exchange.

The growth of the movement in the United Kingdom is indicated by the following facts :[1]—

The Co-operative Union in 1905 consisted of 1614 societies, with—

1. A membership of 2,259,479, shares valued at £29,042,020;

2. Sales of £94,197,514; and

[1] From "Daily Mail Year Book," 1907, p. 230.

3. Profits of £10,458,163.

Two wholesale societies are included in these figures, with—

1. Sales of £27,725,207 ; and

2. Profits, £80,624.

Co-operative societies devoted £83,226 to education in 1905, and the Central Board of Education point out the desirability of all co-operative societies devoting at least 2½ per cent. of the net profits to the furtherance of the work.

From 1861 to the end of 1905—

1. The trade of the co-operative societies amounted to £1,564,743,610 ; and

2. The profits derived from that trade reached the enormous total of £153,118,706.

To-day the amount of capital invested in co-operative societies in the shape of shares and loans is £30,247,194, so that the movement has only retained or accumulated one-fifth of the total results derived from co-operative trading, and the present rate of accumulation is even less than one-fifth, being about one-ninth of the annual profits.

Every labourer feels at times that the value of his work is not represented by the wages he receives. He would like a share in the extra profit above his wages. In 1905, £20,496 was paid to workers of this way of thinking who were identified with the Labour Co-partnership Association.

There were in Great Britain in 1905, 124 societies for labour co-partnership with—

1. A capital of £1,819,390; and

2. A trade of £3,664,394. They made

3. A profit of £188,290; and there was paid as dividend to labour, or

4. As labour's share over and above standard wages, £20,496. In 1893 the sum so divided was only £8225.

There are an ever-increasing number of Co-operative Societies and Labour Co-partnership Associations coming into being in the United Kingdom, and within every nation throughout the western civilisation there are equally eloquent facts indicating the universality of the co-operative movement.

In matters relating to the distribution of inter-temporary values we have made some real progress in England in the law regulating Tithe Commutation, and in Ireland, where the law recognises that the sum of money due to the landlord for rent, as value in exchange for the use of his fixed capital, should be modified according to the varying circumstances of production and exchange; there is therefore hope that the application of this principle of distribution will be extended to the sum of money due to the bondholder for interest, as value in exchange for the use of his circulating capital, and to all other matters relating to the distribution of inter-temporary values.

These are the harbingers of the modified economic order which shall be; hopeful as is the dawn of the coming day; beautiful as "are the feet of him that bringeth good tidings, that publisheth peace; that

bringeth good tidings of good, that publisheth salvation;" they show us the direction of the movement towards economic amelioration, and indicate, in some degree, that men are practically recognising the instability of the existing economic order; and they demand of us that we examine carefully the foundation and the supporting walls of the existing structure, and "without haste but without rest," proceed with the necessary work of "the removing of those things which are or may be shaken, . . . so that those things which cannot be shaken may remain."

Under the existing wage competitive system, in all *contemporary* transactions, there is *the exclusive appropriation* of the profit, the surplus wealth, the dividend, resulting from the co-operation of all classes of workers, directly and immediately (*a*) by *entrepreneurs*, who undertake to pay in advance fixed sums of money for the use of capital and for the services of labour in full satisfaction of all the claims of capitalists and labourers upon the produce resulting from their conjoint work; and under the Single Standard Money System, in all *inter-temporary* transactions, indirectly and ultimately (*b*) by capitalists as one of the results of the operation of the legal tender provisions of the coinage laws of the nation which secure the intermittent but permanent appreciation of money, thereby giving to capitalists, who are the *creditor classes* of the nation, an intermittently but permanently increasing control over all articles of physical wealth, over all commodities, as the *progress* of the economic arts—as

industrial, commercial, and financial *efficiency*—reduces cost of production, and as *abundance* reduces price.

The *investments* of labourers in Consols and other similar securities, yielding a fixed rate of interest, bring them, to the extent of their investments, within the group of the *creditor classes* of the nation, and place them, to the extent of their investments, in the position to benefit by the operation of the legal tender provisions of the coinage laws of the nation which secure to the *creditor classes* of the nation an intermittently but permanently increasing control over all articles of physical wealth as the *progress* of the economic arts—as industrial, commercial, and financial *efficiency*—reduces cost of production, and as *abundance* reduces price.

The direction in which we are moving towards conditions of social and economic amelioration, and the defects of the existing wage system, were seen and pointed out by J. S. Mill in his "Principles of Political Economy," as follows:—

"Finally, I must repeat my conviction, that the industrial system, which divides society absolutely into two portions, the payers of wages and the receivers of them, the first counted by thousands and the last by millions, is neither fit for nor capable of indefinite duration; and the possibility of changing this system for one of combination without dependence, and unity of interest instead of organised hostility, depends altogether upon the future developments of the partnership principle."

The fundamental and potent influence of our money

laws upon the industry and commerce of the country, and the defects of our existing money laws, were seen and pointed out by Lord Beaconsfield in the novel "Endymion," as follows:—

"'The corn laws are very bad laws,' said Enoch, 'and the sooner we get rid of them the better. But there are worse things than the corn laws.'

"'Hem!' said Endymion.

"'*There are money laws,*' said Enoch. '. . . I mean the laws that secure the accumulation of capital. . . . Why, Job was saying the other day there was nothing like a principle to work upon. It would carry all before it. So say I. And I have a principle too, though it is not Master Thornberry's. But it will carry all before it, though it may not be in my time. But I am not so sure of that.'

"'And what is it?' asked Endymion.

"'CO-OPERATION.'"

The existing economic conditions seem to demand for their betterment:—

(*a*) The establishment of a just and reasonable system of profit-sharing as part of the necessary business relations between employers and employees, so that all the members of these two groups of workingmen may be directly interested in the *final product* of their joint labours, and participate periodically in the profits—the surplus produce of industry and commerce—according to the varying circumstances of production and exchange, as the reward of successful work. In this way the need of resorting to the strike or the

lock-out as a means of settling trade disputes would soon cease to exist, and in this direct and active co-operation between employers and employees, not only in production but also in the distribution of the *final product* of their joint efforts, the threatened pressure of organised labour upon capital would be neutralised and converted into a most energetic and harmonious force constantly co-operating with capital to increase "production and productivity"; improving the efficiency of the industrial and commercial organisations of the country, and at the same time providing the necessary means of raising to a suitable level the standard of living among the, at present, less fortunate working-men, without in any degree lowering the standard of living among any of those who may be rightly classed with the more fortunate.

"The eye of the OWNER fatteneth the ox." Not the eye of the HIRELING. Only when *every "eye"* operating within those huge business organisations, which must more and more dominate the economic situation of the future, is, in some degree, "*the eye of the owner*," will avoidable waste of both time and materials cease, and the resulting "ox" become as fat as possible, fulfilling our reasonable expectations and benefiting alike both employers and employees.

(*b*) The increase in the supply of the money metals, beyond the utmost capacity of the output of all the known gold mines of the world, to satisfy the ever-expanding industrial and commercial needs of the ever-growing populations of the nations of the

western civilisation, India and Japan, who have since 1871–73, for all practical purposes, adopted gold monometallism as the basis of their Coinage Laws and Mint Regulations, and who have thereby created the existing "abnormal state of the money market," and weakened confidence in our ability "to continue the existing system much longer." We must, by international agreement, increase the supply of the money metals by re-opening the Mints of the nations of the western civilisation, of India and Japan, and the other nations of the Far East, to the free and unlimited coinage of silver into full legal tender money on private account—re-establish the monetary conditions which had prevailed for centuries prior to 1871–73; and so, for the benefit of the national industries and commerce, break up finally the "Gold Corner"; and also, for the benefit alike of creditors, debtors, and all other classes of working-men, establish the Double Standard Money System, which will regularly and constantly distribute equitably, between the interested classes, the variations of inter-temporary values, according to the circumstances of production and exchange. In this way the capitalist and *entrepreneur* groups would co-operate to secure the utmost stability of prices practicable, and to avoid and prevent fictitiously high or low prices, to the end that those engaged in directing and controlling the industry and commerce of the country might be able to enter upon enterprises destined to increase the wealth available for human use, and to expand progressively the area for the

profitable employment of capital and labour with a degree of confidence nowhere now attainable.

(*c*) The development of the trust as a necessary instrument of production and exchange, so as to enable the producing classes—*entrepreneurs* or employers—whether agricultural, manufacturing, or commercial, to deal effectively with "the unforeseen fluctuations of supply and demand which a world-wide organisation of industry and commerce has brought with it," and which "is liable to inflict to an increasing extent undeserved ruin upon large groups of industrious workers"; and to attain and maintain, by co-operative effort, in dealing with international rivals, the highest degree of efficiency in every branch of the national industry and commerce; the development of the trust should, therefore, be encouraged *and regulated, by special legislation*, in the same manner as the development of the limited liability company has been encouraged and regulated by special legislation.

The combined influences of these industrial, financial, and commercial reforms will popularly, constantly, and systematically regulate the distribution of wealth between employers and employees, and between creditors and debtors, lenders and borrowers, so that the toiling millions equally with the leisured few will legally obtain their fair share of the profit, the surplus, the dividend resulting from the co-operation of all the workers.

This regular periodic wide diffusion of wealth among the toiling millions will regularly and effec-

tually prevent the periodic recurrence of the "hard times," the "commercial crises," the "trade depressions" resulting from over-production; and it will also prevent the coming into being of that limited number of men whose vast private wealth, steadily increasing under existing economic conditions, enables them to exercise an overwhelming and sometimes baneful influence over the other classes of society.

Considered objectively, the economic order of a nation should be firmly established upon broad and deep foundations of enterprising, skilful, prudent, and efficient working-men, of the utmost functional variety, representing the maximum effective human economic energy which is the *labour* side of work; and upon abundant quantities of articles of physical wealth of good quality, and of the greatest possible variety, suitable for production within the limits of its accessible land and water area, relative to the *ensemble* of all the needs and requirements of the whole nation—in Church, State, and School—representing its maximum effective material economic energy which is the *capital* side of work.

The labour system should accurately reflect and express to the utmost extent the maximum volume, value, and variety of the *human* economic resources of the nation; and the money system should accurately reflect and express to the utmost extent the maximum volume, value, and variety of the *material* economic resources of the nation.

The economic order may be likened unto a motor-

car, the driver, motive power, machinery, body, and steering gear being composed of the human and material economic resources of the nation—as also the axle-trees together with the wheels securely attached to their extremities, these being the labour system and the money system of the nation, designed to uphold the motor-car, and to facilitate its orderly and progressive movement in the direction leading towards efficient production and just distribution of the national wealth.

In order to achieve this purpose—of orderly progress in the desired direction—all the component parts of the motor-car, together with the axle-trees and the wheels attached thereto, must, all the time, be kept working in harmonious co-operation responsive to the steering gear managed and controlled by a prudent and efficient driver.

If all of the component parts of this symbolic motor-car are not harmoniously and co-operatively responsive to the steering gear managed and controlled by the driver, orderly progress cannot be made along the highways of international and national industry and commerce, which are all the time more or less crowded with other similar motor-cars moving in different and divergent directions.

The active parts of this motor-car are all human beings with diverse economic interests, and the Regulators provided under the Wage Co-operative System of Profit-sharing, and under the Double Standard Money System, are the attachments designed to adjust and to

harmonise, from time to time, these diverse interests, to keep the movement of the wheels in co-operative harmony with all the other component parts of the motor-car and with the suggestion of the driver through the steering gear, and so by these means to secure continuously that orderly economic progress which manifests itself as efficient production and just distribution.

We should perseveringly develop an economic policy which will progressively (1) *increase* to the utmost extent, relative to all human physical needs and reasonable requirements, the number of working-men employed in the *extractive*[1] industries, and correspondingly the number of working-men employed in the *constructive* industries; and which will also simultaneously and progressively (2) *decrease* to the utmost extent, consistent with the constant, efficient, and thorough performance of all the necessary and reasonably required work, the number of working-men employed as *exchangers* in every branch of commerce, trade, transportation, circulation, and every other function of movement; and also the number of working-men employed as *professionals* in every branch of physical, intellectual, and moral culture and government.

Under the Wage Co-operative System of Profit-sharing there is the Regulator and the Settlement Point adjusting and harmonising automatically the

[1] See pp. 66 to 69 of "Inter-temporary Values," and Appendix No. V., pp. 166–171.

bifurcated interests of employers and employees; and under the Double Standard Money System there is the Regulator and the Settlement Point adjusting and harmonising automatically the bifurcated interests of lenders and borrowers, creditors and debtors, according to the ever-varying circumstances of production and exchange. It is claimed for these systems of equitable distribution that, *if legally generalised*, they would provide more suitable and adequate means of maintaining, from time to time, and all the time, reasonably harmonious relations between the three great groups of working-men — capitalists, *entrepreneurs*, labourers — who conjointly dominate the economic world, and of reconciling, from time to time, and all the time, their particular and immediate subjective interests in correspondence with the general and ultimate objective interests of the whole nation than can possibly be provided under the existing *legally generalised* Wage Competitive System and Single Standard Money System.

VIII

Looking out over the length and breadth of the western civilisation — in Europe, North and South America, Australasia, the Isles of the Sea, and those portions of the Continents of Asia and Africa where this civilisation has established itself as the paramount political and economic power—we see the same contrasting social and economic conditions arise — of

wealth and poverty, of comfort and discomfort, of affluence and indigence—alike in the thickly peopled States of Europe as in the thinly peopled States of North and South America and Australasia; alike in the thickly peopled settlements of Asia as in the thinly peopled settlements of Africa.

The influences which constantly bring into being these most striking and contrasting social and economic phenomena, under such widely separated and diverse conditions of life and work, must be co-extensive in space and in time with the phenomena which force themselves upon our notice.

We must endeavour to discover the economic institutions which distinguish the western civilisation wherever it has established or planted itself, and see if there are operating within them influences, touching the daily life and work of these diverse populations, which may account for the appearance of the ever-recurring glaring contrasts which still characterises the economic conditions of the people of the western civilisation, and of those Asiatic and African peoples who, living under the rule of Western States, live under economic conditions similar to those which prevail throughout the West, where there has been established the political conditions of *freedom for all* and where there has been the deliberate rejection of all forms of serfdom or slavery.

With differing religious, educational, and political institutions throughout the different States which embrace all the peoples of the western civilisation, we

find in each of these States these two economic institutions, which regulate the distribution of contemporary and inter-temporary wealth, formally organised, legally established and generalised :—

1. The Wage Competitive System.
2. The Single Standard Money System.

The Wage Competitive System is modified in differing degrees by the customary laws and other social usages of different nations—by metayage, by co-operation, by labour co-partnership, by profit-sharing —all of which customs and usages show the direction in which we are moving towards economic amelioration ; but for all practical purposes the Wage Competitive System dominates the situation throughout the West in matters relating to the distribution of contemporary wealth.

The Single Standard Money System which, without making any provision whatever for adjusting and distributing equitably the variations of value in time between the interested parties, according to some reasonably mutual principle, provides only an unstable and undependable standard of value, to which we cling (notwithstanding the great difficulties which it imposes upon trade, as a result of the incessant variation in the purchasing power of money, intensified by the gold monometallism which has governed both the national and international situations since the legislation of 1871–73 and the subsequent rejection of bimetallism), because we have somehow persuaded ourselves that " *it is much to be doubted whether one more dependable*

can be found," for all practical purposes, dominates the situation throughout the West, in India and Japan, in all matters relating to the distribution of inter-temporary wealth.

The social and economic contrasts are specially noticeable in a colony where there is (1) a very large mass of the native population living under indigenous institutions, resting upon a kind of co-operative economic order of a very primitive type, near (2) a considerable native population among whom are professional men, merchants, farmers, artisans, and others engaged in all the minor industrial and domestic crafts, who for more than a hundred years have been living under western institutions in Church, State, and School.

In case (1) any contrast in the conditions of material wealth and poverty is scarcely noticeable except that the chiefs and headmen and their wives have larger houses and compounds, and more picturesque clothing, ornaments, &c. &c., which mark them off as belonging to the governing classes, and these are usually the most energetic and capable men of the population.

In such a primitive State, under indigenous institutions, all men and women enjoy REGULATED access to the land and to the water; to the land and the water animals; to the fishes and the birds; and to the natural products of the forests.

All cultivate the land or work otherwise co-operatively, in family, or other special groups.

Private property in the necessaries of life is never regarded as being so sacred as to permit any family, or other special group, to retain abundant supplies of the necessaries of life, while some member or members of some other family, or other special group, *within the tribe*, is or are in need of the necessaries of life.

The building of new villages or towns to accommodate the natural increase of population is often a tribal function, but always a group function. There are tribal customs which regulate this and similar kinds of work, so that those who specially benefit by the co-operative efforts of the group or the tribe are required to render back again to the assisting group or tribe what is regarded as being equivalent or suitable remuneration for the work done or service rendered.

As each individual is a member of some particular family or other special group, work done or service rendered for the special benefit of any member or members of a group becomes of the nature of a kind of joint and several liability of the whole group to which the specially benefiting member or members belong.

In such a primitive State there is no system of general and constant taxation; there is a system of special taxes for special purposes, such as road-making, bridge-building, stockade-building, &c. &c., and for such other works of general usefulness and protection as may, from time to time, be regarded as helpful or needful.

The portion of the incomes of the governing classes, received for the performance of special public duties,

are paid to them as fees for the performance of the special services rendered. These special services are mainly the settling of disputes, according to customary law, between different members or groups of the tribe. Considerable abuse may grow out of the fee system of remunerating the governing classes.

The unit of the monetary system is "A HEAD"—meaning originally the value of a slave—that is, about £1, 10s. sterling, according to the *Price Level of* 1896–97.

In trading the natives speak of "A HEAD" of rice, yams, cotton cloths, tobacco, rum, salt, or any other article of physical wealth—meaning the quantity of the specified articles of wealth of equal value to about £1, 10s. sterling.

All articles of physical wealth are *equally legal tender* in payment of debts, and the quantitative standard unit, of *each article* of physical wealth, *is known to have a definite exchange and debt-paying value, within the tribe.*

Within the economic order of such a primitive State there is a *very low level of production* when compared with the standard of production in any State belonging to the western civilisation; but by means of the principle of CO-OPERATION, the economic order, even at this low level of production, "leaves no person uncared for; there are no unemployed starving poor—every individual is responsible for and to his fellow men and women who belong to the same community."[1]

[1] Mary H. Kingsley, "West African Studies," pp. 359–390.

In such a State commercial and financial crises are unknown.

We find numerous and varied gradations of rank and function, but no noticeable economic gradation—all the people live upon a common level of physical comfort—a low level according to the ideas of comfortable living prevailing among any of the social grades throughout the West who are equally well supplied quantitatively with all the necessaries of life and with plenty of leisure for enjoying themselves according to their own tastes and disposition.

But, according to their own ideas of comfortable living, these natives are all properly housed, fed, and clothed, and their food supplies are always sufficient and often abundant, and no one is ever in want of these necessary articles of comfortable living; all the people have plenty of leisure, but there is no problem of the (*a*) unemployed and the (*b*) submerged tenth.

Their intellectual and moral life are regulated by standards very different from those prevailing throughout the West, as is to be expected in a very primitive people who are without a written language of their own. They have known Arabic for generations, and are now beginning to learn English, French, and other European languages.

In case (2) there are the contrasts of wealth and poverty, of comfort and discomfort, of affluence and indigence that we see everywhere in the other countries where the Wage Competitive System and the Single Standard Money System are in full operation. We

find, simultaneously with the uplifting of some of the native people, intellectually and morally along every avenue of human effort, the same striking contrasts of wealth and poverty, of comfort and discomfort, of affluence and indigence; we find, at the bottom of the social river, the stratified human deposit which we have named the problems of the (*a*) unemployed and of the (*b*) submerged tenth, and which manifest themselves throughout the whole of the western civilisation, and wherever in Asia and in Africa it has established itself as the paramount political and economic power. However the total or relational siltings of the mass of this human deposit may, from time to time, vary, the presence of this stratified deposit at the bottom of the social river remains the permanent factor of this dual problem.

Are we not, therefore, justified in affirming that these two perennial problems are inseparable and inevitable consequences growing out of these two economic institutions of the West—the Wage Competitive System and the Single Standard Money System? "*By their fruits shall ye know them.*"

The unquestionable facts herein disclosed relating to the economic life of large sections of the population of the nation are in themselves sufficient to warrant the suggestion that there is urgent need for modifications of the existing economic order, although they are but a very few illustrations representing the adverse conditions of life and work of large sections of the populations of all the nations throughout the West.

The conditions in the United Kingdom are either equal or superior to the conditions of life and work of the corresponding sections of the populations in the other nations of Europe, and yet the problem of "*the condition of the people*" all the time presses itself upon our attention demanding a satisfactory solution.

The remedies suggested seem suitable and sufficient to realise in a reasonable degree the objects aimed at—(*a*) More efficient production; (*b*) more equitable distribution; and (*c*) more harmonious relations between the three great groups of working-men—capitalists, *entrepreneurs*, and labourers; they are along the lines of the known movement throughout the West towards social and economic amelioration; they are calculated to help forward the movement without causing any undue or revolutionary disturbance of the existing economic order; they are suitable for immediate application to the existing industrial, commercial, and financial conditions of business throughout the West; they are *now* in some degree in operation within the economic order of the United Kingdom and other nations of the West; and the known results of the limited application of these remedies, under existing economic conditions, are such as to warrant the belief that their legal generalisation and application throughout the whole economic order of the nation would yield objectively and subjectively beneficial results.

Among the women and men of goodwill "there are diversities of gifts but the same spirit," and throughout the world we are all steadily working in

diverse ways to help forward the movement towards social and economic amelioration, and so to bring into being that more perfect organisation of the whole social and economic "body fitly joined together, and compacted by that which every joint supplieth, according to the effectual working in the measure of every part," whereby we may continuously move, more and more nearly, towards *the realisation* of that *ideal* condition which has been described by St. Paul for all time, in the following words :—

"We are every one members one of another . . . those members of the body which seem to be more feeble are necessary . . . the members should have the same care one for another. And whether one member suffer, all the members suffer with it; or one member be honoured, all the members rejoice with it."

This is the abiding faith and hope of Humanity, who ever liveth as their progressive manifestation.

APPENDIX I

COINAGE ACT, 1870, 33 Vict. c. 10

An Act to consolidate and amend the law relating to the Coinage and Her Majesty's Mint, 4th April 1870.

[*Note.*—This Act is printed with the substitutions in the first schedule required by the Coinage Act, 1891, 54 & 55 Vict. c. 72, as authorised by section 2 of that Act. The standard weight of the double florin is not given, but see section 3 of this Act.]

WHEREAS it is expedient to consolidate and amend the law relating to the Coinage and Her Majesty's Mint:

Be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

1. This Act may be cited as "The Coinage Act, 1870." Short title.

2. In this Act— Definitions of terms.

The term "Treasury" means the Lord High Treasurer for the time being, or the Commissioners of Her Majesty's Treasury for the time being, or any two of them;

The term "the Mint" means, except as expressly provided, Her Majesty's Royal Mint in England;

The term "British possession" means any colony, plantation, island, territory, or settlement within Her Majesty's dominions, and not within the United Kingdom; and

The term "person" includes a body corporate.

3. All coins made at the Mint of the denominations mentioned in the first schedule to this Act shall be of the weight and fineness specified in that schedule, and the standard trial plates shall be made accordingly. Standard of coins.

If any coin of gold, silver, or bronze, but of any other denomination than that of the coins mentioned in the first schedule to this Act, is hereafter coined at the Mint, such coin shall be of a weight and fineness bearing the same proportion to the weight and fineness specified in that schedule as the denomination of such coin bears to the denominations mentioned in that schedule.

Provided that in the making of coins a remedy (or variation from the standard weight and fineness specified in the said first schedule) shall be allowed of an amount not exceeding the amount specified in that schedule.

Legal tender.

4. A tender of payment of money, if made in coins which have been issued by the Mint in accordance with the provisions of this Act, and have not been called in by any proclamation made in pursuance of this Act, and have not become diminished in weight, by wear or otherwise, so as to be of less weight than the current weight, that is to say, than the weight (if any) specified as the least current weight in the first schedule to this Act, or less than such weight as may be declared by any proclamation made in pursuance of this Act, shall be a legal tender,—

In the case of gold coins for a payment of any amount;

In the case of silver coins for a payment of an amount not exceeding forty shillings, but for no greater amount;

In the case of bronze coins for a payment of an amount not exceeding one shilling, but for no greater amount.

Nothing in this Act shall prevent any paper currency which, under any Act or otherwise, is a legal tender from being a legal tender.

Prohibition of other coins and tokens.

5. No piece of gold, silver, copper, or bronze, or of any metal or mixed metal, of any value whatever, shall be made or issued, except by the Mint, as a coin or a token for money, or as purporting that the holder thereof is entitled to demand any value denoted thereon. Every person who acts in contravention of this section shall be liable on summary conviction to a penalty not exceeding twenty pounds.

Contracts, &c., to be made in currency.

6. Every contract, sale, payment, bill, note, instrument, and security for money, and every transaction, dealing, matter, and thing whatever relating to money, or involving the payment of or the liability to pay any money, which is made, executed, or entered into, done or had, shall be made, executed, entered into, done and had according to the coins which are current and legal tender in pursuance of this Act, and not otherwise, unless the same be made, executed, entered into, done or had according to the currency of some British possession or some foreign state.

Defacing light gold coin.

7. Where any gold coin of the realm is below the current weight as provided by this Act, or where any coin is called in by any proclamation, every person shall, by himself or others, cut, break, or deface any such coin tendered to him in payment, and the person tendering the same shall bear the loss.

If any coin cut, broken, or defaced in pursuance of the section is not below the current weight, or has not been called in by any proclamation, the person cutting, breaking, or defacing the same shall receive the same in payment according to its denomination. Any dispute which may arise under this section may be determined by a summary proceeding.

Coining of bullion taken to the Mint.

8. Where any person brings to the Mint any gold bullion, such bullion shall be assayed and coined, and delivered out to such person, without any charge for such assay or coinage, or for waste in coinage.

Provided that—

(1) If the fineness of the whole of the bullion so brought to the Mint is such that it cannot be brought to the standard fineness under this Act of the coin to be coined thereout, without refining some portion of it, the master of the Mint may refuse to receive, assay, or coin such bullion:

(2) Where the bullion so brought to the Mint is finer than the standard fineness under this Act of the coin to be coined thereout, there shall be delivered to the person bringing the same such additional

amount of coin as is proportionate to such superior fineness.

No undue preference shall be shown to any person under this section, and every person shall have priority according to the time at which he brought such bullion to the Mint.

Purchase of bullion.

9. The Treasury may from time to time issue to the master of the Mint, out of the growing produce of the Consolidated Fund, such sums as may be necessary to enable him to purchase bullion in order to provide supplies of coin for the public service.

Payment of profits, &c., to Exchequer.

10. All sums received by the master of the Mint, or any deputy master or officer of the Mint, in payment for coin produced from bullion purchased by him, and all fees and payments received by the master or any deputy master or officer of the Mint as such, shall (save as otherwise provided in the case of any Branch Mint in a British possession by a proclamation respecting such Branch Mint) be paid into the receipt of the Exchequer, and carried to the Consolidated Fund.

Regulations by proclamation.

11. It shall be lawful for Her Majesty, with the advice of Her Privy Council, from time to time by proclamation to do all or any of the following things; namely—

(1) To determine the dimension and design for any coin:

(2) To determine the denominations of coins to be coined at the Mint:

(3) To diminish the amount of remedy allowed by the first schedule to this Act in the case of any coin:

(4) To determine the weight (not being less than the weight (if any) specified in the first schedule to this Act) below which a coin, whether diminished in weight by wear or otherwise, is not to be a current or a legal tender:

(5) To call in coins of any date or denomination, or any coins coined before the date in the proclamation mentioned;

(6) To direct that any coins, other than gold, silver, or bronze, shall be current and be a legal tender for the payment of any amount not exceeding the amount specified in the proclamation, and not exceeding five shillings:

(7) To direct that coins coined in any foreign country shall be current, and be a legal tender, at such rates, up to such amounts, and in such portion of Her Majesty's dominions as may be specified in the proclamation; due regard being had in fixing those rates to the weight and fineness of such coins, as compared with the current coins of this realm:

(8) To direct the establishment of any branch of the Mint in any British possession, and impose a charge for the coinage of gold thereat; determine the application of such charge; and determine the extent to which such branch is to be deemed part of the Mint, and to which coins issued therefrom are to be current and be a legal tender, and to be deemed to be issued from the Mint:

(9) To direct that the whole or any part of this Act shall apply to and be in force in any British possession, with or without any modifications contained in the proclamation:

(10) To regulate any matters relative to the coinage and the Mint within the present prerogative of the Crown, which are not provided for by this Act:

(11) To revoke or alter any proclamation previously made.

Every such proclamation shall come into operation on the date therein in that behalf mentioned, and shall have effect as if it were enacted in this Act.

Trial of the pyx.

12. For the purpose of ascertaining that coins issued from the Mint have been coined in accordance with this Act, a trial of the pyx shall be held at least once in every year in which coins have been issued from the Mint.

It shall be lawful for Her Majesty, with the advice of Her Privy Council, from time to time, by order, to make regulations respecting the trial of the pyx and all matters incidental thereto, and in particular respecting the following matters; viz.—

(1) The time and place of the trial:

(2) The setting apart out of the coins issued by the Mint certain coins for the trial:

(3) The summoning of a jury of not less than six out of competent freemen of the mystery of goldsmiths of the city of London or other competent persons:

(4) The attendance at the trial of the jury so summoned, and of the proper offices of the Treasury, the Board of Trade, and the Mint, and the production of the coins so set apart, and of the standard trial plates and standard weights:

(5) The proceedings at and conduct of the trial, including the nomination of some person to preside thereat, and the swearing of the jury, and the mode of examining the coins:

(6) The recording and the publication of the verdict, and the custody of the record thereof, and the proceedings (if any) to be taken in consequence of such verdict.

Every such order shall come into operation on the date therein in that behalf mentioned, and shall have effect as if it were enacted in this Act, but may be revoked or altered by any subsequent order under this section.

Regulations by Treasury.

13. The Treasury may from time to time do all or any of the following things:

(1) Fix the number and duties of the officers of and persons employed in the Mint:

(2) Make regulations and give directions (subject to the provisions of this Act and any proclamation made thereunder) respecting the general management of the Mint, and revoke and alter such regulations and directions.

Master and Officers of Mint

Master of Mint.

14. The Chancellor of the Exchequer for the time being shall be the master, worker, and warden of Her Majesty's Royal Mint in England, and governor of the Mint in Scotland.

Provided that nothing in this section shall render the Chancellor of the Exchequer incapable of being elected to or of sitting or voting in the House of Commons, or vacate the seat of the person who at the passing of this Act holds the office of Chancellor of the Exchequer.

All duties, powers, and authorities imposed on or vested in or to be transacted before the master of the Mint may be performed and exercised by or transacted before him or his sufficient deputy.

Deputy masters and officers.

15. The Treasury may from time to time appoint deputy masters and officers and persons for the purpose of carrying on the business of the Mint in the United Kingdom or elsewhere, and assign them their duties, and award them their salaries.

The master of the Mint may from time to time promote, suspend, and remove any such deputy masters, officers, and persons.

Standard Trial Plates and Weights

Custody, &c., of standard trial plates.

16. The standard trial plates of gold and silver used for determining the justness of the gold and silver coins of the realm issued from the Mint, which now exist or may hereafter be made, and all books, documents, and things used in connection therewith or in relation thereto, shall be in the custody of the Board of Trade, and shall be kept in such places and in such manner as the Board of Trade may from time to time direct; and the performance of all duties in relation to such trial plates shall be part of the business of the Standard Weights and Measures Department of the Board of Trade.

The Board of Trade shall from time to time, when necessary, cause new standard trial plates to be made and duly verified, of such standard fineness as may be in conformity with the provisions of this Act.

Standard weights for coin.

17. The standard weights for weighing and testing the coin of the realm shall be placed in the custody of the Board of Trade, and be kept in such places and in such manner as the Board of Trade may from time to time direct; and the performance of all duties in relation to such standard weights shall be part of the business of the Standard Weights and Measures Department of the Board of Trade.

The Board of Trade shall from time to time cause weights of each coin of the realm for the time being, and of multiples of such of those weights as may be required, to be made and duly verified; and those weights, when approved by Her Majesty in Council, shall be the standard weights for determining the justness of the weight of and for weighing such coin.

The master of the Mint shall from time to time cause copies to be made of such standard weights, and once at least in every year the Board of Trade and the master of the Mint shall cause such copies to be compared and duly verified with the standard weights in the custody of the Board of Trade.

All weights which are not less in weight than the weight prescribed by the first schedule to this Act for the lightest coin, and are used for weighing coin, shall be compared with the said standard weights, and if found to be just shall, on payment of such fee, not exceeding five shillings, as the Board of Trade from time to time prescribe, be marked by some officer of the Standard Weights and Measures Department of the Board of Trade with a mark approved of by the Board of Trade, and notified in the *London Gazette;* and a weight which is required by this section to be so compared, and is not so marked, shall not be deemed a just weight for determining the weight of gold and silver coin of the realm.

If any person forges or counterfeits such work, or any weight so marked, or wilfully increases or diminishes any weight so marked, or knowingly utters, sells, or uses any weight with such counterfeit mark, or any weight so increased or diminished, or knowingly uses any weight declared by this section not to be a just weight, such person shall be liable to a penalty not exceeding fifty pounds.

All fees paid under this section shall be paid into the Exchequer, and carried to the Consolidated Fund.

Legal Proceedings

18. Any summary proceeding under this Act may be taken, and any penalty under this Act may be recovered,— Summary procedure.

In England, before two justices of the peace in manner directed by the Act of the session of the eleventh and twelfth years of the reign of Her present Majesty, chapter forty-three, intituled "An Act to facilitate the performance "of the duties of justices of the peace out of sessions within "England and Wales with respect to summary convictions "and orders," and any Act amending the same.

In Scotland, in manner directed by The Summary Procedure Act, 1864.

In Ireland, so far as respects Dublin, in manner directed by the Acts regulating the powers of justices of the peace or the police of Dublin metropolis, and elsewhere in manner directed by The Petty Sessions (Ireland) Act, 1851, and any Act amending the same.

In any British possession, in the courts, and before such justices or magistrates, and in the manner in which the like proceedings and penalties may be taken and recovered by the law of such possession, or as near thereto as circumstances admit, or in such other courts, or before such other justices or magistrates, or in such other manner as any Act or Ordinance having the force of law in such possession may from time to time provide.

Miscellaneous

Extent of Act.

19. This Act, save as expressly provided by this Act, or by any proclamation made thereunder, shall not extend to any British possession.

Repeal of Acts and parts of Acts in second schedule.

20. The Acts mentioned in the first part of the second schedule to this Act are hereby repealed to the extent in the third column of such schedule mentioned, and those mentioned in the second part of the same schedule are hereby repealed entirely.

Provided that,—

(1) This repeal shall not affect anything already done or suffered, or any right already acquired or accrued:

(2) All weights for weighing coin which have before the passing of this Act been marked at the Mint or by any proper officer shall be deemed to have been marked under this Act:

(3) Every branch of the Mint which at the passing of this Act issues coins in any British possession shall, until the date fixed by any proclamation made in pursuance of this Act with respect to such Branch Mint, continue in all respects to have the same power of issuing coins and be in the same position as if this Act had not passed, and coins so issued shall be deemed for the purpose of this Act to have been issued from the Mint:

(4) The said Acts (unless relating to a Branch Mint and unless in the said schedule expressly otherwise mentioned) are not repealed so far as they apply to any British possession to which this Act does not extend until a proclamation directing that this Act or any part thereof, with or without any modification contained in the proclamation, shall be in force in such British possession comes into operation.

SCHEDULES

FIRST SCHEDULE

Denomination of Coin.	Standard Weight.		Least Current Weight.		Standard Fineness.	Remedy Allowance.		
						Weight per Piece.		Millesimal Fineness.
	Imperial Weight. Grains.	Metric Weight. Grams.	Imperial Weight. Grains.	Metric Weight. Grams.		Imperial Grains.	Metric Grams.	
GOLD:								
Five-pound	616·37239	39·94028	612·50000	39·68935	Eleven-twelfths fine gold, one-twelfth alloy; or millesimal fineness, 916·6	1·00	0·06479	2
Two-pound	246·54895	15·97611	245·00000	15·87574		0·40	0·02592	
Sovereign	123·27447	7·98805	122·50000	7·93787		0·20	0·01296	
Half-sovereign	61·63723	3·99402	61·12500	3·96083		0·15	0·00972	
SILVER:								
Crown	436·36363	28·27590	..	..	Thirty-seven fortieths fine silver, three-fortieths alloy; or millesimal fineness, 925	2·000	0·1296	4
Double-florin	..	..	..	..		1·678	0·1087	
Half-crown	218·18181	14·13795	..	..		1·264	0·0788	
Florin	174·54545	11·31036	..	..		0·997	0·0646	
Shilling	87·27272	5·65518	..	..		0·578	0·0375	
Sixpence	43·63636	2·82759	..	..		0·346	0·0224	
Groat or Fourpence	29·09090	1·88506	..	..		0·262	0·0170	
Threepence	21·81818	1·41379	..	..		0·212	0·0138	
Twopence	14·54545	0·94253	..	..		0·144	0·0093	
Penny	7·27272	0·47126	..	..		0·087	0·0056	
BRONZE:								
Penny	145·83333	9·44984	..	..	Mixed metal, copper, tin, and zinc	2·91666	0·18899	None
Halfpenny	87·50000	5·66990	..	..		1·75000	0·11339	
Farthing	43·75000	2·83495	..	..		0·87500	0·05669	

The weight and fineness of the coins specified in this schedule are according to what is provided by the Act fifty-six George the Third, chapter sixty-eight, that the gold coin of the United Kingdom of Great Britain and Ireland should hold such weight and fineness as were prescribed in the then existing Mint indenture (that is to say), that there should be nine hundred and thirty-four sovereigns and one ten shilling piece contained in twenty pounds weight troy of standard gold, of the fineness at the trial of the same of twenty-two carats fine gold and two carats of alloy in the pound weight troy; and further, as regards silver coin, that there should be sixty-six shillings in every pound troy of standard silver of the fineness of eleven ounces, two pennyweights of fine silver and eighteen pennyweights of alloy in every pound weight troy.

SECOND SCHEDULE

FIRST PART

Acts partly repealed

Year and Chapter.	Title.	Extent of Repeal.
2 Hen. 6, c. 17[1]	For regulating and ascertaining the fineness of silver work.	So much as relates to the Master of the Mint.
29 & 30 Vict. c. 82	An Act to amend the Acts relating to the standard weights and measures, and to the standard trial pieces of the coin of the realm.	Section thirteen.

[1] c. 14 in Ruffhead.

SECOND PART

Acts wholly repealed

Year and Chapter.	Title.
18 & 19 Cha. 2, c. 5[1] .	An Act for encouraging of coinage.
6 Anne, c. 57[2] . .	An Act for ascertaining the rates of foreign coins in Her Majesty's plantations in America.
13 Geo. 3, c. 57[3] . .	An Act to explain and amend an Act made in the fourth year of His present Majesty, intituled "An Act to prevent paper bills of "credit hereafter to be issued in any of His "Majesty's colonies or plantations in America "from being declared to be a legal tender in "payments of money, and to prevent the "legal tender of such bills as are now sub-"sisting from being prolonged beyond the "periods limited for calling in and sinking "the same."
14 Geo. 3, c. 70 . .	An Act for applying a certain sum of money for calling in and recoining the deficient gold coin of this realm; and for regulating the manner of receiving the same at the Bank of England, and of taking there an account of the deficiency of the said coin and making satisfaction for the same; and for authorising all persons to cut and deface all gold coin that shall not be allowed to be current by His Majesty's proclamation.
14 Geo. 3, c. 92 . .	An Act for regulating and ascertaining the weights to be made use of in weighing the gold and silver coin of this kingdom.
15 Geo. 3, c. 30 . .	An Act for allowing the officer appointed to mark or stamp the weights to be made use of in weighing the gold and silver coin of this kingdom, in pursuance of an Act made in the last session of Parliament, to take certain fees in the execution of his office.
39 Geo. 3, c. 94 . .	An Act to ascertain the salary of the master and worker of His Majesty's Mint.
52 Geo. 3, c. 138 . .	An Act for the further prevention of the counterfeiting of silver tokens issued by the Governor and Company of the Bank of England called dollars, and of silver pieces issued and circulated by the said Governor and Company called tokens, and for the further prevention of frauds practised by the imitation of the notes or bills of the said Government and Company.
52 Geo. 3, c. 157 . .	An Act to prevent the issuing and circulating of pieces of gold and silver or other metal, usually called tokens, except such as are issued by the Banks of England and Ireland respectively.

[1] 18 Cha. 2 in Ruffhead. [2] c. 30 in Ruffhead.

[3] Repealed as to the whole of Her Majesty's dominions upon the passing of this Act.

Year and Chapter.	Title.
54 Geo. 3, c. 4 . .	An Act to continue until six weeks after the commencement of the next session of Parliament an Act passed in the last session of Parliament, intituled "An Act to continue "and amend an Act of the present session, "to prevent the issuing and circulating of "pieces of gold and silver or other metal, "usually called tokens, except such as are "issued by the Banks of England and Ire- "land respectively."
56 Geo. 3, c. 68 .	An Act to provide for a new silver coinage, and to regulate the currency of the gold and silver coin of this realm.
57 Geo. 3, c. 46 . .	An Act to prevent the issuing and circulating of pieces of copper or other metal usually called tokens.
57 Geo. 3, c. 67 . .	An Act to regulate certain offices, and abolish others, in His Majesty's Mints in England and Scotland respectively.
57 Geo. 3, c. 113 . .	An Act to prevent the further circulation of dollars and tokens issued by the Governor and Company of the Bank of England for the convenience of the public.
6 Geo. 4, c. 79 . .	An Act to provide for the assimilation of the currency and monies of account throughout the United Kingdom of Great Britain and Ireland.
6 Geo. 4, c. 98. . .	An Act to prevent the further circulation of tokens issued by the Governor and Company of the Bank of Ireland for the convenience of the public, and for defraying the expense of exchanging such tokens.
1 & 2 Will. 4, c. 10. .	An Act to reduce the salary of the master and worker of His Majesty's Mint.
7 Will. 4 & 1 Vict. c. 9 .	An Act to amend several Acts relating to the Royal Mint.
12 & 13 Vict. c. 41 . .	An Act to extend an Act of the fifty-sixth year of King George the Third, for providing for a new silver coinage, and for regulating the currency of the gold and silver coin of this realm.
22 & 23 Vict. c. 30 . .	An Act to extend the enactments relating to the copper coin to coin of mixed metal.

Year and Chapter.	Title.
26 & 27 Vict. c. 74. .	An Act to enable Her Majesty to declare gold coins to be issued from Her Majesty's Branch Mint at Sydney, New South Wales, a legal tender for payments; and for other purposes relating thereto.
29 & 30 Vict. c. 65. .	An Act to enable Her Majesty to declare gold coins to be issued from Her Majesty's Colonial Branch Mints a legal tender for payments; and for other purposes relating thereto.

COINAGE ACT, 1891, 54 & 55 Vict. c. 72

An Act to amend the Coinage Act, 1870, *5th August* 1891

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Provision as to exchange of light gold coins. 33 & 34 Vict. c. 10.

1.—(1) It shall be lawful for Her Majesty, by Order in Council, to direct that gold coins of the realm which have not been called in by proclamation and are below the least current weight as provided by the Coinage Act, 1870, shall, if they have not been illegally dealt with, and subject to such conditions as to time, manner, and order of presentation, as may be mentioned in the Order, be exchanged or paid for by or on behalf of the Mint at their nominal value.

(2) For the purposes of this Act a gold coin shall be deemed to have been illegally dealt with where the coin has been impaired, diminished, or lightened otherwise than by fair wear and tear, or has been defaced by having any name, word, device, or number stamped thereon, whether the coin has or has not been thereby diminished or lightened.

(3) In a sovereign or half sovereign loss of weight exceeding three grains from the standard weight shall, for the purposes of this Act, be primâ facie evidence that the coin has been impaired, diminished, or lightened otherwise than by fair wear and tear.

(4) Towards meeting the expenses to be incurred in pursuance of this section the sum of four hundred thousand pounds shall be charged on and issued from the Consolidated Fund in the year ending the thirty-first day of March, one thousand eight hundred and ninety-two, and, so far as not immediately required, may be invested in such manner as the Treasury direct; and any interest thereon shall be applied for the purposes of this section.

Remedy allowances for coin.

2. The remedy allowances for gold, silver, and bronze coins shall be such as are specified in the schedule to this Act; and in all copies of the Coinage Act, 1870, printed after the passing of this Act, the first schedule to that Act shall be printed so as to give effect to the amendments made by this section.

Short titles and construction.

3.—(1) This Act may be cited as the Coinage Act, 1891.

(2) This Act and the Coinage Act, 1870, may be cited together as the Coinage Acts, 1870 and 1891.

(3) Expressions used in this Act have the same meaning as in the Coinage Act, 1870.

SCHEDULE

Denomination of Coin.	Standard Fineness.	Remedy Allowance.		
		Weight per Piece.		Millesimal Fineness.
		Imperial Grains.	Metric Grams.	
GOLD:				
Five-pound	Eleven-twelfths fine gold, one-twelfth alloy; or millesimal fineness, 916·6.	1·00	0·06479	2
Two-pound		0·40	0·02592	
Sovereign		0·20	0·01296	
Half-sovereign		0·15	0·00972	
SILVER:				
Crown	Thirty-seven fortieths alloy; or millesimal fineness, 925.	2·000	0·1296	4
Double-florin		1·678	0·1087	
Half-crown		1·264	0·0788	
Florin		0·997	0·0646	
Shilling		0·578	0·0375	
Sixpence		0·346	0·0224	
Groat or Fourpence		0·262	0·0170	
Threepence		0·212	0·0138	
Twopence		0·144	0·0093	
Penny		0·087	0·0056	
BRONZE:				
Penny	Mixed metal, copper, tin, and zinc.	2·91666	0·18899	None
Halfpenny		1·75000	0·11339	
Farthing		0·87500	0·05669	

APPENDIX II

Problem :—

At the inception of the transaction:

£1000 = money value of transaction.

500 qrs. of wheat = quantity of selected article of physical wealth of equal money value.

40s. per qr. = price of standard unit of selected article of physical wealth.

At the maturity of the transaction:

30s. per qr. = price of standard unit of selected article of physical wealth.

(1) What is the standard money value or present worth of the transaction at maturity?

(2) What is the quantity of the selected article of physical wealth of equal standard money value at the maturity of the transaction?

Solution :—

(1) $\left(\frac{£1000 \times 30}{40}\right) + £1000 \div 2 = £875 =$ standard money value.

(2) $\left(\frac{500 \text{ qrs.} \times 40}{30}\right) + 500 \text{ qrs.} \div 2 = 583\frac{1}{3} \text{ qrs.} =$ quantity of wheat of equal standard money value.

Under the existing Single Standard Money System the settlement of the transaction would be represented as follows:—

(1) £1000 stg. = money value.

(2) $666\frac{2}{3}$ qrs. quantity of wheat of equal money value.

In this case the whole of the loss resulting from the depreciation of wheat in comparison with money is suffered by the debtor, and the corresponding gain is appropriated by the creditor.

Under a Single Standard Money System, requiring the discharge or settlement of an inter-temporary transaction, according to the exchange value of money alone at the inception of the transaction, the settlement of this transaction would be represented as follows:—

(1) £750 stg. = money value.

(2) 500 qrs.[1] = quantity of wheat of equal money value.

In this case the whole of the loss resulting from the depreciation of wheat in comparison with money is suffered by the creditor, and the corresponding gain is appropriated by the debtor.

Problem:—

At the inception of the transaction:

£1000 = money value of the transaction.

250 tons pig iron = quantity of selected article of physical wealth of equal money value.

80s. per ton = price of standard unit of selected article of physical wealth.

At the maturity of the transaction:

90s. per ton = price of standard unit of selected article of physical wealth.

(1) What is the standard money value or present worth of the transaction at maturity?

(2) What is the quantity of the selected article of physical wealth of equal standard money value at the maturity of the transaction?

Solution:—

(1) $\left(\frac{£1000 \times 90}{80}\right) + £1000 \div 2 = £1062\frac{1}{2}$ = standard money value.

(2) $\left(\frac{250 \text{ tons} \times 80}{90}\right) + 250 \text{ tons} \div 2 = 236\frac{1}{9}$ tons = quantity of pig iron of equal standard money value.

[1] "So he called every one of his lord's debtors unto him, and said unto the first, How much owest thou my lord? And he said, An hundred (100) measures of oil. . . . Then said he to another, And how much owest thou? And he said, An hundred (100) measures of wheat" (St. Luke xvi. 5–7).

Under the existing Single Standard Money System the settlement of this transaction would be represented as follows:—

(1) £1000 stg. = money value.

(2) 222⅔ tons = quantity of pig iron of equal money value.

In this case the whole of the gain resulting from the appreciation of pig iron in comparison with money is appropriated by the debtor, and the corresponding loss is suffered by the creditor.

Under a Single Standard Money System, requiring a discharge or settlement of an inter-temporary transaction according to the exchange value of money alone at the inception of the transaction, the settlement would be represented as follows:—

(1) £1125 stg. = money value.

(2) 250 tons = quantity of pig iron of equal money value.

In this case the whole of the gain resulting from the appreciation of pig iron in comparison with money is appropriated by the creditor, and the corresponding loss is suffered by the debtor.

Under the *Double Standard* Money System, in the problems solved, the loss resulting from the depreciation of wheat in comparison with money is divided equally between creditor and debtor; and the gain resulting from the appreciation of pig iron, in comparison with money, is also equally divided between creditor and debtor. Are not these results "reasonably mutual"? Is not the *Double Standard* Money System the equitable system in all inter-temporary transactions?

Problem:—

At the inception of the transaction:

£1000 stg. = money value of transaction.

£1000 stg. = quantity of National or Municipal Loan of equal money value.

110 = Board of Trade General Index Number.

At the maturity of the transaction:

118 = Board of Trade General Index Number.

(1) What is the standard money value or present worth of the transaction at maturity?

Solution :—

(1) $\left(\frac{£1000 \times 118}{110}\right) + £1000 \div 2 = £1036\frac{4}{11}$ stg. = standard money value.

Under the existing Single Standard Money System the settlement of this transaction would be represented as follows :—

(1) £1000 stg. = money value.

In this case the whole of the *gain* resulting from the *appreciation* of commodities generally, in comparison with money, is appropriated by Taxpayers, and the corresponding *loss* is suffered by the Bondholders.

Problem :—

At the inception of the transaction :

£1000 stg. = money value of the transaction.

£1000 stg. = quantity of National or Municipal Loan of equal money value.

110 = Board of Trade General Index Number.

At the maturity of the transaction :

70 = Board of Trade General Index Number.

(2) What is the standard money value or present worth of the transaction at maturity?

Solution :—

(2) $\left(\frac{£1000 \times 70}{110}\right) + £1000 \div 2 = £818\frac{2}{11}$ stg. = standard money value.

Under the existing Single Standard Money System the settlement of this transaction would be represented as follows :—

(2) £1000 stg. = money value.

In this case the whole of the *loss* resulting from the *depreciation* of commodities generally, in comparison with

money, is suffered by the Taxpayers, and the corresponding *gain* is appropriated by the Bondholders.

Under the *Double Standard* Money System, in the problems solved, the *gain* resulting from the *appreciation* of commodities generally, in comparison with money, is divided equally between the Taxpayers and the Bondholders; and the *loss* resulting from the *depreciation* of commodities generally, in comparison with money, is also equally divided between the Taxpayers and the Bondholders.

Formula for determining the Settlement Point :—

$$\left(\frac{\text{Money value of the transaction at its inception} \times \text{Price of standard unit of regulator article at the maturity of the transaction}}{\text{Price of standard unit of regulator article at the inception of the transaction}}\right) +$$

$$\text{Money value of the transaction at its inception} \div 2 = \text{Standard money value of the transaction at its maturity.}$$

APPENDIX III

MANUFACTURING INDUSTRY[1]

Time, 1 Year = 313 Working Days

INVESTMENT OF ENTREPRENEUR OR EMPLOYER:—

Circulating Capital	£3000	0	0
Fixed Capital	1000	0	0
Total Investment	£4000	0	0

EMPLOYMENT OF LABOUR:—

5 Labourers at 4s. per diem each—313 days =	£313	0	0
4 „ „ 6s. „ „ —313 „ =	375	12	0
1 „ „ 10s. „ „ —313 „ =	156	10	0
10			
Wages of Manipulation—Employees	£845	2	0
„ „ Superintendence—Employer at per annum	500	0	0
Total Wages	£1345	2	0
Cost of Materials	1254	18	0
Taxes	100	0	0
Insurance of Investment at 1 per cent.	40	0	0
Freight of Materials	40	0	0
Rent of Premises	100	0	0
Interest on Capital Invested at 3 per cent.	120	0	0
Allowance for Wear and Tear of Machinery at 5 per cent.	50	0	0
Cost of Production =	£3050	0	0
Price of the Produce =	3386	5	6
PROFIT, SURPLUS WEALTH OR DIVIDEND	£336	5	6
Portion of the Profit due Employer, representing the element Capital	£168	2	9
Portion of the Profit due Employees, representing the element Labour	£168	2	9

[1] "*A farmer is a wheat manufacturer, who, among other tools which serve him in modifying the materials from which he makes the wheat, employs one large tool, which we call a field.*"—SAY.

DISTRIBUTION OF THE PORTION OF THE PROFIT OR SURPLUS WEALTH DUE TO THE ELEMENT LABOUR-WAGE CO-OPERATIVE SYSTEM.

Portion of Profit due to the Element Labour = £168, 2s. 9d.
Total amount of Wages . . . . = £1345, 2s. 0d. = 2s. 6d., Rate of Profit in the £ of Wages.

Number of Employees.	Number of Days Employed.	Rate of Wages per Diem.	Amount of Wages Received.	Portion of Profit due to the Individual at the Rate of 2s. 6d. in the £ of Wages.	Gross Incomes, Wage Co-operative System.	Comparative Statement.	
						Gross Incomes, Wage Co-operative System.	Gross Incomes, Wage Competitive System.
			£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1	313	4s.	62 12 0	7 16 6	70 8 6	70 8 6	62 12 0
1	313	4s.	62 12 0	7 16 6	70 8 6	70 8 6	62 12 0
1	313	4s.	62 12 0	7 16 6	70 8 6	70 8 6	62 12 0
1	313	4s.	62 12 0	7 16 6	70 8 6	70 8 6	62 12 0
1	313	4s.	62 12 0	7 16 6	70 8 6	70 8 6	62 12 0
1	313	6s.	93 18 0	11 14 9	105 12 9	105 12 9	93 18 0
1	313	6s.	93 18 0	11 14 9	105 12 9	105 12 9	93 18 0
1	313	6s.	93 18 0	11 14 9	105 12 9	105 12 9	93 18 0
1	313	6s.	93 18 0	11 14 9	105 12 9	105 12 9	93 18 0
1	313	10s.	156 10 0	19 11 3	176 1 3	176 1 3	156 10 0
10							
Wages of employees .			845 2 0	105 12 9	950 14 9	950 14 9	845 2 0
Wages of employer .			500 0 0	62 10 0	*850 12 9	*850 12 9	†956 5 6
Total amount of wages			1345 2 0	168 2 9	1801 7 6	1801 7 6	1801 7 6

Wage Co-operative System.

Wages of Superintendence .	£500 0 0	
Portion of Profit due to Labour of Superintendence . .	62 10 0	
		£562 10 0
Interest on Capital Invested .	£120 0 0	
Portion of Profit due to the Element Capital . .	168 2 9	
		288 2 9
		*£850 12 9

Wage Competitive System.

Wages of Superintendence . .	£500 0 0
Interest on Capital Invested . .	120 0 0
Profit of the Employer (Capital) .	336 5 6
	†£956 5 6

Formula for determining the Settlement Point :—

$$\frac{\text{Profit}}{\text{Total amount of Wages}} \times \text{Wages of Individuals} = \text{Portion of Profit due Individual.}$$

APPENDIX IV

ECONOMICAL CRISES

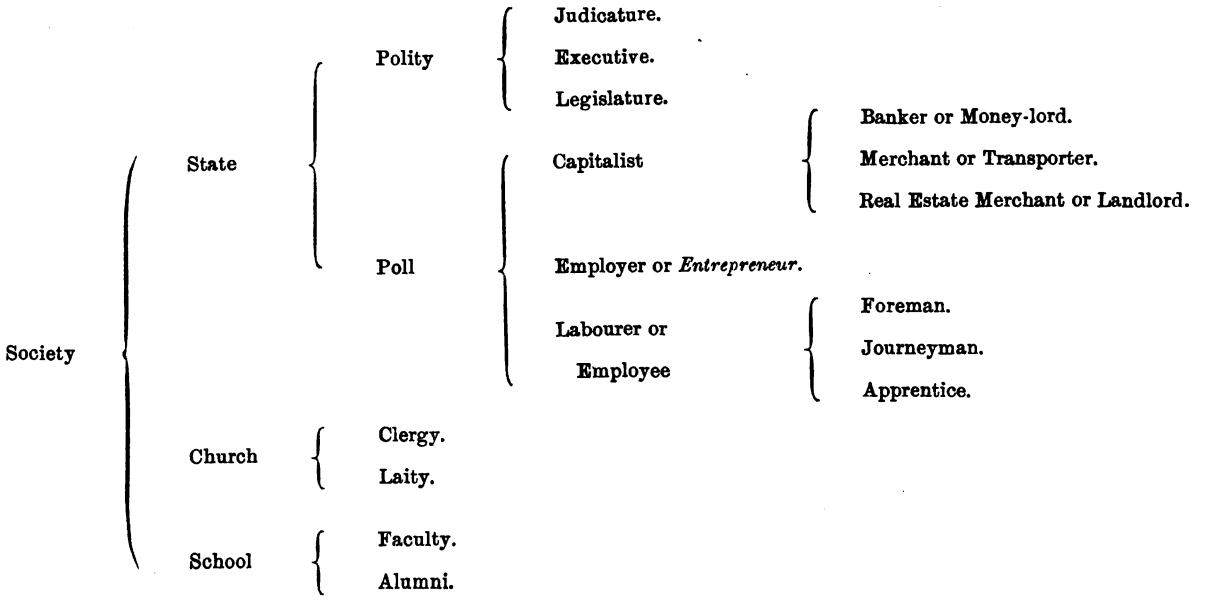
Varieties.		Conditions.	Manifested by the		Indicative of the	
			Fall of	Rise of	Appreciation of the Value of	Depreciation of the Value of
Crises	Commercial	Comparative *scarcity* of Produce or Stock (*a*)	...	Particular or General Prices	Produce or Stock	Money.
		Comparative *abundance* of Produce or Stock (*b*)	Particular or General Prices	...	Money	Produce or Stock.
	Financial	Comparative *scarcity* of Money (*a*)	Speculative Prices and Incomes	...	Money	Commodities.
		Comparative *abundance* of Money (*b*)	...	Speculative Prices and Incomes	Commodities	Money.
	Industrial	Comparative *scarcity* of Working-men (*a*)	...	Particular or General Incomes	Labour	Money.
		Comparative *abundance* of Working-men (*b*)	Particular or General Incomes	...	Money	Labour.

(*a*)=Inflation of Exchange Value. Appreciation is unearned increment.
(*b*)=Depression of Exchange Value. Depreciation is unexpended shrinkage.

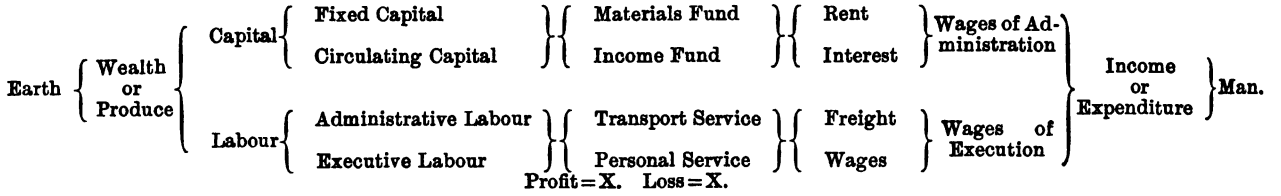
"There is that feigneth himself rich, yet hath nothing. There is that feigneth himself poor, yet hath great wealth."

APPENDIX V

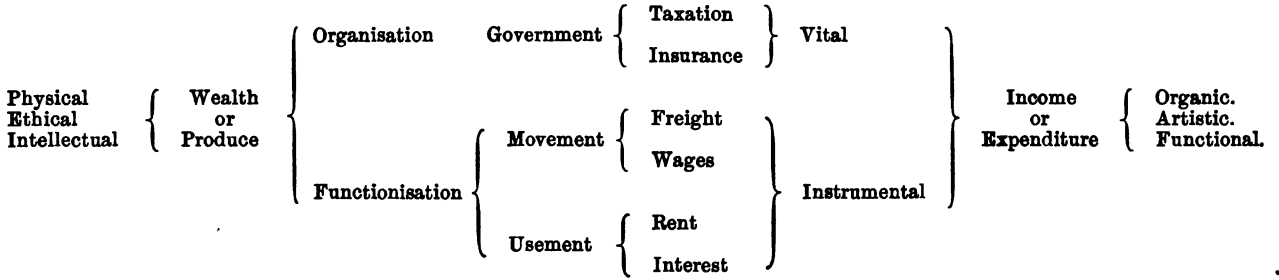
A


Society
State
Polity
Judicature.
Executive.
Legislature.
Poll
Capitalist
Banker or Money-lord.
Merchant or Transporter.
Real Estate Merchant or Landlord.
Employer or *Entrepreneur*.
Labourer or Employee
Foreman.
Journeyman.
Apprentice.
Church
Clergy.
Laity.
School
Faculty.
Alumni.

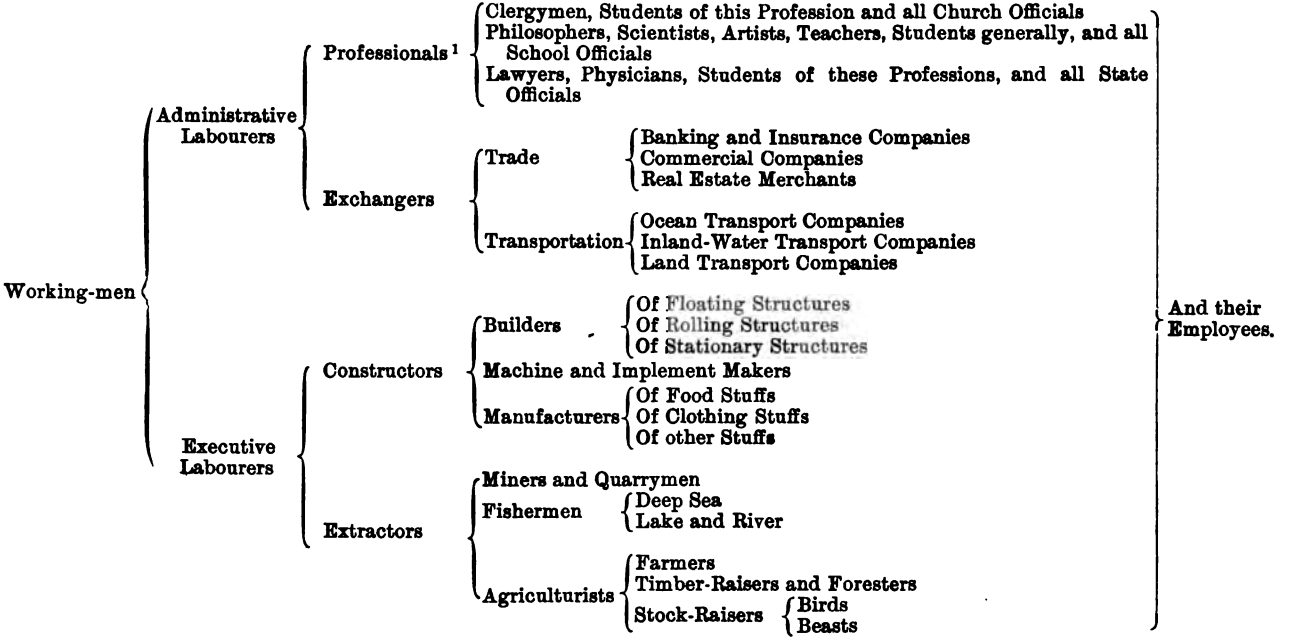
B


Earth
Wealth or Produce
Capital
Fixed Capital
Circulating Capital
Materials Fund
Income Fund
Rent
Interest
Wages of Administration
Labour
Administrative Labour
Executive Labour
Transport Service
Personal Service
Freight
Wages
Wages of Execution
Income or Expenditure
Man.
Profit=X. Loss=X.

C

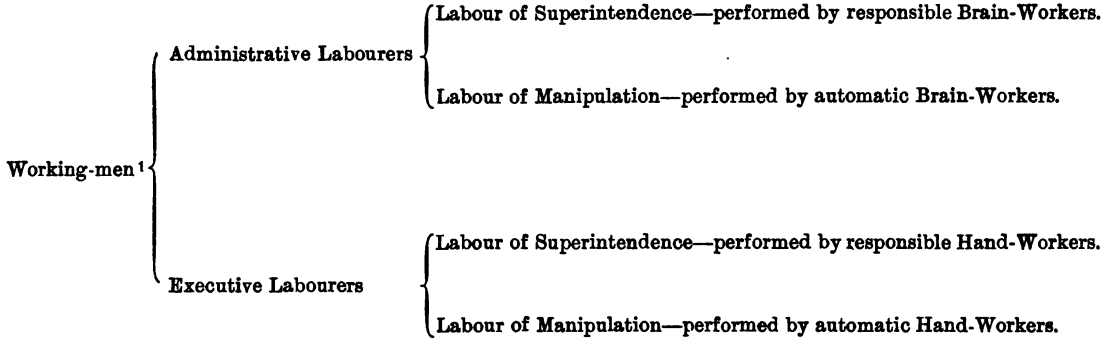

Physical
Ethical
Intellectual
Wealth or Produce
Organisation
Government
Taxation
Insurance
Vital
Functionisation
Movement
Freight
Wages
Usement
Rent
Interest
Instrumental
Income or Expenditure
Organic.
Artistic.
Functional.

D



[1] "No Society can exist and be developed without a Priesthood in some form or other."—*Auguste Comte.*

E


Working-men[1]
Administrative Labourers
Labour of Superintendence—performed by responsible Brain-Workers.
Labour of Manipulation—performed by automatic Brain-Workers.
Executive Labourers
Labour of Superintendence—performed by responsible Hand-Workers.
Labour of Manipulation—performed by automatic Hand-Workers.

[1] See diagram by Franklyn H. Giddings in *Political Science Quarterly* for March 1887.

F

Society = Ultimate Organism

Objective Order		1	2	
STATE (Departmental Organism Sphere of Economy)	Persons and Property—Physical Functions—Economy—National Economy—Individual Economy			Individual (Constituent Unit)
		2	1	Subjective Order
Objective Order		1	2	
CHURCH (Departmental Organism Sphere of Character)	Faith and Morals—Ethical Functions—Character—National Character—Individual Character			Individual (Constituent Unit)
		2	1	Subjective Order
Objective Order		1	2	
SCHOOL (Departmental Organism Sphere of Culture)	Science and Arts—Intellectual Functions—Culture—National Culture—Individual Culture			Individual (Constituent Unit)
		2	1	Subjective Order

Family = Primary Organism

NEITHER CONFOUNDING THE DEPARTMENTS: NOR DIVIDING THE ORGANISM.

"In every needful faculty—in Church, and State, and School."—*R. W. Emerson.*

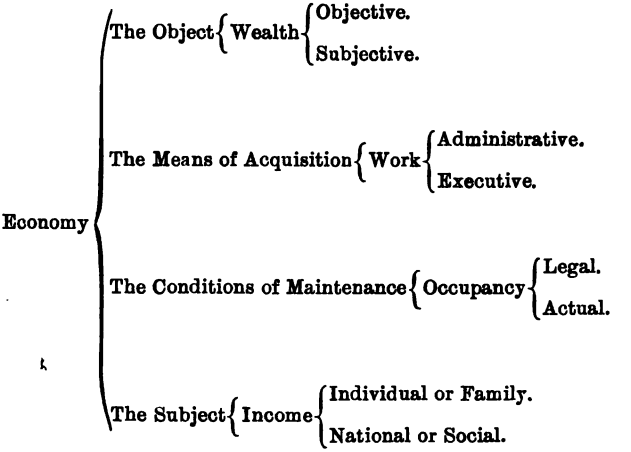
"His classification of human employments was rather crude. . . . He divided them into Business, Politics, Preaching, Learning, and Amusement."[1]—*George Eliot.*

". . . within Universal Society there exists for each of us . . . many special Societies. . . ."—*P. J. Proudhon.*

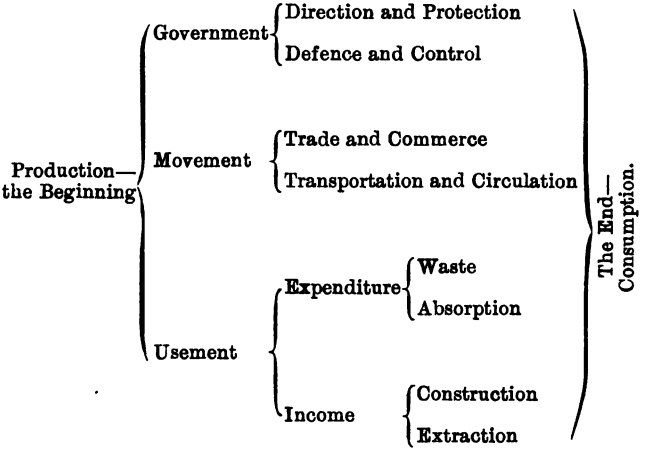
[1] State { Politics. Business. } Church . . . Preaching. School { Learning. Amusement. }

ONE ALTOGETHER; NOT BY CORPORATE SOLIDARITY: BUT BY HISTORIC CONTINUITY.

G


Economy
The Object
Wealth
Objective.
Subjective.
The Means of Acquisition
Work
Administrative.
Executive.
The Conditions of Maintenance
Occupancy
Legal.
Actual.
The Subject
Income
Individual or Family.
National or Social.

H


Production—the Beginning
Government
Direction and Protection
Defence and Control
Movement
Trade and Commerce
Transportation and Circulation
Usement
Expenditure
Waste
Absorption
Income
Construction
Extraction
The End—Consumption.

APPENDIX VI

IF we examine carefully the monetary systems of all the nations of the West, and of India and Japan in the East, we shall find that with the exception of the United Kingdom, all these diverse monetary systems are for *national* purposes Bimetallic, in that the Governments of the nations provide for their subjects UNLIMITED LEGAL TENDER SILVER MONEY: like the *Silver* 5 *Franc piece* of France, and the Silver coins of corresponding value of the nations forming the Latin Monetary Union; or like the *Silver Rouble* of Russia, the *Silver Thaler* of Germany, the *Silver Dollar* of the United States and Mexico, the *Silver Peso* of most of the South American States, the *Silver Rupee* of India, and the *Silver Yen* of Japan.

Although, after thirty-six years of progressive hostile legislation, there is now no mint in the world open to the free and unlimited coinage of Silver into unlimited legal tender money *on private account*, yet the *internal* business of the nations cannot be carried on without the use of Silver as money.

And although, according to the provisions of the Coinage Act, 1870, the Silver money of the United Kingdom is legal tender in the United Kingdom for no greater sum than £2, yet the Silver money of the United Kingdom is, together with the Gold money of the United Kingdom, UNLIMITED legal tender money, at par, throughout the British West Indian and West African possessions; and when we remember that every single transaction for a less sum than 10s. must be settled in the Silver or Bronze coins of the realm, it must be manifest to all, that however excellent *gold* may be for *international* monetary purposes, *containing high value in small bulk*, it has never been and never can be anything but *the Money of the Bankers:* SILVER has always been and must always continue to be THE MONEY OF THE

GREAT MASS OF THE PEOPLE, containing small value in coins of convenient size.

The suggestion to issue £1 notes, based on the LIMITED legal tender silver money of the United Kingdom, for the purpose of taking the place of the £30,000,000 *unlimited* legal tender gold sovereigns and half sovereigns used as pocket money by the people of the country—*of getting all the unlimited legal tender money out of the pockets of the people* and into the reserves of the Banks—if it could be successfully carried into operation, would reduce the people of the United Kingdom to the same condition of ABJECT DEPENDENCE, *upon the will of the Bankers of this country*, as has been created for the mass of the 86,000,000 inhabitants of the United States, by the currency and banking system of that country; as was manifested in October–November last when, during the Financial Panic of 1907, without legislation or other authoritative announcement of the Federal Government, *all the Banks suspended specie payments*, and THEN CHARGED THE PEOPLE—THEIR DEPOSITORS—A PREMIUM VARYING FROM 2 TO 4 PER CENTUM FOR THE USE OF THEIR OWN MONEY. In the presence of such a condition of unquestioned FINANCIAL DICTATORSHIP on the part of the Bankers of the United States *the people promptly proceeded to protect themselves* by hoarding all the unlimited legal tender money they could obtain until, as estimated by Mr. John Wannamaker, they had hoarded away—"*hidden under carpets*"—$1,000,000,000 (£200,000,000) in unlimited legal tender money—money sorely needed by the Banks to deal effectively with the *money famine* and the panic resulting therefrom.

With the exception of an "*Emergency Paper Currency*," issuable by the National Government at any time of exceptional and abnormal conditions of financial stringency, and recallable as promptly as possible after the passing of such conditions of financial stringency, all legal tender paper currency should be fully covered by deposits of unlimited legal tender silver and gold money, under Government control, held in reserve for the encashment, on demand, of the whole of such paper currency.

Silver and gold being themselves stores of value which contain within themselves their own redemption.

PAPER MONEY CANNOT RESTORE THE NEEDED CONFIDENCE in the permanent stability of the existing monetary order resting upon Gold Monometallism alone for all *international* monetary purposes.

We must return to Bimetallism; we must, by international agreement, re-open the mints of the nations to the free and unrestricted coinage of both silver and gold into unlimited legal tender money on private account; RESTORE to the middle class payers of the Income Tax, with only moderate means, the right which they had always exercised up to 1871–73, of carrying their silver articles to the mints in times of need, and of having them coined into unlimited legal tender money *on their own account;* in the same manner as the rich have continued to exercise, and now exercise, the right of carrying their *Gold articles* to the mints in times of need, and have them coined into unlimited legal tender money *on their own account.*

The re-establishment of Bimetallism, by international agreement, WILL DOUBLE THE METALLIC MONEY BASES OF ALL THE BANKING TRIANGLES OF ALL THE NATIONS.[1]

Under the *Single* Standard Money System, the sudden return to Bimetallism, after the monetary legislation of the past thirty-six years, hostile to the free and unrestricted coinage of silver into unlimited legal tender money *on private account,* would affect adversely and inequitably all the *creditor* interests of the world, although the knowledge that the sudden abandonment of Bimetallism, at and after 1871–73, would affect adversely and inequitably all the *debtor* interests of the world, *did not deter the pioneers of Gold Monometallism* from pressing forward with that ruinous Monetary Policy, regardless of the interests, of almost incalculable amount, vested in Silver—a policy which pressed and still presses so heavily upon the *debtor* interests of the world, as is manifested in the Price Levels of Commodities from 1871–73 until now, in July 1908, that even after a return of rising prices ever since 1897, the Price Level of

[1] See Table B of this Appendix.

Commodities is to-day still about 20 per centum *below* the Price Level of 1871.[1]

Neither the *debtor* interests which were injured, nor the *creditor* interests which benefited, during the period from 1871–73 to 1896 would be the *debtor* interests which would be benefited, nor the *creditor* interests which would be injured, during the period subsequent to a sudden return to Bimetallism, at the present time, even if such a return were practically possible.

But under the DOUBLE Standard Money System the IMMEDIATE return to Bimetallism, by international agreement, would prevent and avoid, alike for the *creditor* and the *debtor* interests of the world, all the adverse and inequitable consequences of such a Monetary Policy (if put into operation under the *Single* Standard Money System), because under the DOUBLE Standard Money System there would be legal provision made for adjusting, in every inter-temporary transaction, all the variations of value in time, whether arising from natural, conventional, or legislative causes—dividing equally between creditor and debtor, between lender and borrower alike, the "UNEARNED INCREMENT" and the "UNEXPENDED SHRINKAGE" in the value of all kinds of both physical and speculative wealth.

Mr. Moreton Frewen, in the *Economist* of the 16th November last, writes as follows:—

"The world's annual gold product . . . is now well over 80 millions; it almost doubled between 1886 and 1896, and again between 1896 and 1906. Your 'index' numbers show a consequent rise of prices, amounting to a veritable inflation; indeed, we should have to go back to the reign of James II. to find a rise of 30 per centum in little more than a decade (1896 to 1907)."

But we have only to go back to the reign of Victoria—

[1] According to the Board of Trade Index Numbers, computed on the basis of prices in 1871, the *general* Price Level, for the year 1907, was 85·3. This is the *highest* general Price Level since 1884; but it is 14·7 *below* the general Price Level for the Base Year 1871, which was 100. The *general* Price Level for the year 1907 is 15·5 *above* the general Price Level for the year 1896, which was 69·8—the *lowest* general Price Level since 1871; but it is 33·5 *below* the general Price Level for the year 1873, which was 118·8—the *highest* general Price Level since 1871.

to the period of fourteen years from 1873 to 1887—to find a FALL OF PRICES amounting to more than 35 per centum, and during the period from 1887 to 1896 to find a FURTHER FALL OF PRICES of nearly 9 per centum.

These abnormal variations in the Price Level of Commodities, which have taken place during the period of the progressive establishment of Gold Monometallism as the sole and exclusive basis of all *international monetary transactions*, throughout both the West and the East, *are the positive and practical demonstration* that, *alike for national and international monetary purposes*, Gold Monometallism is much less suitable than Bimetallism as the basis of the monetary systems of the nations.

With the creators and defenders of Gold Monometallism *for all the nations*, on both sides of the Atlantic—in the United Kingdom and in the United States—all calling out loudly for Royal or Republican Commissions to consider how and by what means the industries and commerce of the West are to be saved from the evil consequences of the Gold Monometallism which they have advocated and established, among all the nations, during the past thirty-six years, there is the hope—now that they are asking themselves, WHERE IS ALL THE GOLD MONEY TO COME FROM WHEREWITH TO SATISFY NOT ONLY ALL THE NORMAL MONETARY REQUIREMENTS OF ALL THE NATIONS, BUT ALSO TO SATISFY ANY OF THE ABNORMAL MONETARY REQUIREMENTS OF THE NATIONS IN ANY TIME OF SPECIAL AND VITAL NEED? and some of them are suggesting various kinds of "*elastic asset currency*" schemes for filling up the *monetary void* incidental (1) to the destruction of all Silver money for *international* monetary purposes, by the closing of the mints of the nations against the free and unrestricted coinage of Silver into unlimited legal tender money *on private account;* and (2) to the restriction or the suspension of the coinage of unlimited legal tender Silver money, even on Government account, for the satisfaction of purely *national* monetary needs—that the dormant Bimetallic monetary systems of the nations, which have become obscured by thirty-six years of legislation hostile to the free and unrestricted coinage of Silver

into unlimited legal tender money on private account, will now rise up living, strong and active to rescue, help and support, and to supply the *metallic money* needed by the industries and commerce of the Nations, which are now suffering from *arrested development and arrested expansion* as consequences of the world-wide "financial stringency" and "money famine," and to become the *liberator* of the toiling masses whose incomes, needed to provide for the natural and social needs of themselves and their families, are drawn from and made secure ONLY by the steady employment, which can ONLY proceed from the progressive development and expansion of the work and business of the world.

Concerning the 1907 financial panic, in the United States, Mr. Moreton Frewen writes as follows:—

"The American currency legislation of last winter has much to answer for. The importance in that country of getting the gold and the gold certificates out of people's pockets and into the Bank reserves was evident to any schoolboy, and yet what did Congress do? Break up the large gold certificates and large National Bank notes into small notes, and send them, as Mr. Edward Tuck wrote me, 'as chicken feed for distribution throughout the South and the West, never to return again!'"

But the men engaged in developing the agriculture and the other Extractive Industries of the South and the West, like the men engaged in developing the manufacturing and other Constructive Industries of the North and the East, are *equally* entitled to have the use of unlimited legal tender money to move to market the produce of all the Extractive Industries of the Country, which are indeed the real foundations supporting the manufacturing, the trade, the transportation, and the finance of the whole country, and out of which all the profits of the transporters, the constructors, and the exchangers are obtained.

If the South and the West are not to be supplied with "*chicken feed*" in the form of unlimited legal tender *silver dollars*, or *silver certificates* representing such dollars, then, *to feed the chickens* of the South and the West, who lay the real "GOLDEN EGGS" of the country, there is no other

option—the *large* gold certificates and the *large* National Bank notes must be broken up and distributed throughout the South and the West to supply the needed "chicken feed"—for even the great financiers of the North and the East cannot afford to be without "THE EGGS," which the South and the West yield, IN EXCHANGE for "CHICKEN FEED."

Providing "*chicken feed*" for the *use* of the Extractive Industries is much better business than providing "*gambling counters*" for the *abuse* of the Stock and Produce Exchanges.

Ask the transportation Barons, the merchant Princes, and the banking Kings of the North and the East who *haul*, *exchange*, and *finance* the produce of the Extractive Industries, and they will tell you that *feeding the chickens* of the South and the West is good, sound, profitable business.

The existing financial situation, the monetary stringency throughout the West, has been created, to a very considerable degree, by the *defensive* legislation of the United States and the nations of the Latin Monetary Union during the period from 1871–73 to the present time, which has resulted in the demonetisation of silver, *for all international monetary purposes*, (*a*) thereby contracting,[1] in an unprecedented degree, the volume of metallic money; and (*b*) thereby simultaneously increasing, in a corresponding degree, the demand for gold among all the nations for all international monetary purposes, as the inevitable consequence of the *forced* adoption of gold monometallism by all the occidental nations, by India and by Japan.

With the population, industry, commerce, and the financial operations of all the nations of the earth increasing and expanding in a degree unparalleled in the history of the human race, it would appear to be a prudent course for the Governments of the great commercial nations, in view of the world-wide injurious consequences of monetary stringency, resulting in financial crises, to consider the question of restoring the unlimited use of silver, for international monetary purposes, throughout the economic world of the West; that is to say, to allow *one-half of the precious*

[1] See pp. 109–117, 206–209, and Table B of this Appendix.

metals to be again used as unlimited legal tender money, as had been the immemorial usage prior to 1871–73, and so *to widen and to solidify the metallic money foundations* upon which rest the whole of the industrial, commercial, and financial operations of all the nations of the earth.

The established monetary conditions which had existed, with beneficial results, throughout the West prior to 1871–73, as embodied by France in the law of the 7th Germinal of the Year XI. (1803), and by the corresponding legislation of almost all the occidental nations up to 1870, reflected and expressed the deliberate judgment of the West upon the subject of money.

The existing forced uniformity of gold monometallism throughout the economic world, which periodically yields *financial chaos* in one or other of the great industrial and commercial centres, as one of the consequences of *monetary stringency*, does not represent the *deliberate* judgment of the West upon the subject of money.[1]

We were started on the road which has led us into the present unsatisfactory monetary situation *by the isolated action of Germany in* 1871–73, when that nation replaced its silver standard by the gold standard, and *then* attempted to unload its stock of silver money, in exchange for gold, upon the United States and upon the nations of the Latin Monetary Union, through their open mints for the free coinage of silver into unlimited legal tender money *on private account.* In the presence of such a monetary menace these nations, in self-defence, promptly closed their mints against the free coinage of silver on private account, and so in 1879 Germany, finding herself checkmated by the combined action of the bimetallic nations, suspended her sales of silver; but incidentally, she imposed gold monometallism upon the whole economic world by compelling the bimetallic nations to keep their mints closed against the free coinage of silver into unlimited legal tender money on private account, as the only means of protecting their national gold coinage from this monetary menace of Germany.

[1] See Table B of this Appendix.

We should always remember also that silver is the precious metal used most extensively by the peoples of the East, but which is produced most largely, almost exclusively, by the peoples of the West.

Prior to 1871–73 the East paid to the West 60·875d. per oz. for its supplies of silver.

Subsequent to 1871–73 the East has obtained from the West its supplies of silver at rates which have all the time been lower than 60·875d. per oz., which have been as low as 21·6875d. per oz., and which to-day is less than 30·4375d. per oz.

Is it good business for the Governments of the occidental nations to decrease by legislation the value of THE ONE of the staple products of the West for which there is always an insatiable demand by all the peoples of the East?

It is remarkable to notice how throughout the ages the ratio of exchange of the precious metals has gravitated around 15 to 1 and 16 to 1.

The ratio of exchange recognised by the Jews, during the period of their life as a nation, was 15 to 1, the value of the Talent of Gold was then fifteen times the value of the Talent of Silver.

The historic ratio of exchange in India is 15 to 1, the Gold Mohur (of equal weight and fineness to the Silver Rupee) being equal in exchange value to 15 Silver Rupees.

The tentative measures, adopted during the period 1893–99, fixed *arbitrarily* the value of the Gold Sovereign at 15 Silver Rupees; thus substituting the British Gold Sovereign for the historic Indian Gold Mohur, although the quantity of Gold in the Sovereign is less than the quantity of Gold in the Mohur.

France, before confirming, by the law of the 7th Germinal of the Year XI. (1803), the ratio of exchange of 15·5 of Silver to 1 of Gold, which had been adopted in 1785, made exhaustive inquiry for the purpose of determining, from the most reliable sources of information, what, averaging over the longest historic periods, had been the actual ratio of production of the precious metals. The result of this inquiry showed that the actual ratio of pro-

duction had been, weight for weight, 15·5 of Silver to 1 of Gold, and so France confirmed the RATIO OF EXCHANGE in accordance with the actual RATIO OF PRODUCTION.[1]

France regards the ratio of exchange 15·5 to 1 as being scientifically based upon the NORMAL ratio of production of the precious metals, and at this ratio international agreement to obtain the re-opening of the mints of all the nations for *the free coinage of both gold and silver* into unlimited legal tender money on private account can be most readily secured; this ratio being the basis of the coinage laws of all the nations forming the Latin Monetary Union, and indeed of all the nations of the West except the British Empire and the United States.

EXTRACT FROM THE "BANKERS' MAGAZINE" FOR JANUARY 1908 (pages 17 to 21).

We have to repeat, and with sincere regret, what we have often said before. Again another year has passed and no steps have been taken to establish a stronger specie reserve fund for the country. Seventeen years have now passed since, in the autumn of 1890, the Bank of England was compelled, owing to the risk of a crisis here, to borrow some three millions sterling in gold from the Bank of France and to collect gold from other quarters to strengthen its reserve. This is now matter of ancient history, and it is treated as ancient history usually is—as something about which we need not concern ourselves in practical life. The object is, as we know, under the attention of some of our ablest business men, but united action has hitherto not been arranged. It becomes continually more difficult to draw attention to anything not actually part of ordinary routine. Year by year the stress of daily occupation grows and intensifies, and there seems no time for considering anything else. The rapidity with which even striking and important events are forgotten is wonderful. Have anything like half the men now actively engaged in business a distinct personal remembrance of so recent an event as the Baring difficulties? But when any business man reflects on

[1] See pp. 216–221.

the past, he must be perfectly aware that, though the arrangement in 1890 was successful, the operation was not repeated in 1907, however convenient it might have been to do so. We are not forgetful in saying this of the welcome and cordial support which the Bank of France afforded us in 1906 and in 1907. Their action in 1906 is commemorated in their annual report which appears in this journal. We are apt to dwell with so much satisfaction on our financial standing that we forget the great alterations which the thirty-two years over which this statement extends have witnessed. Proportionally to our liabilities the reserves held are now weaker than they were then.

To remind our readers of what has occurred since, we continue here a comparison, which we have carried on for a considerable period, of the position of the Bank of England and of the great banks of the world at the present time and in 1876—that year being taken as the one in which this statement of the position of the banks of the country was commenced, from which date our examination can be carried on with accuracy.

The banking institutions of the other countries of the world stand now in a totally different position from that which they occupied thirty-two years since. The position of the Bank of England was far stronger relatively then to that of the other great banks of Europe than it is now, while, owing to the development of banking in this country in the interval, and the totally different conditions of business, the demands that might be made on it were far smaller than may be the case at the present time. Compared with thirty-two years since, there is no doubt that the deposits of the banks of the United Kingdom have increased something like £390,000,000 or £400,000,000, if not more. In these figures the deposits of the Colonial and Foreign Banks having offices in London are not included. These amounts must be very large. In times of difficulty, these banks, as well as all the banks of the United Kingdom, would look to the Bank of England for assistance. The Bank of France, the Imperial Bank of Germany, and the

National Banks of the United States, now all possess far stronger specie reserves than they did thirty-two years since, while the position of the Bank of England is practically weaker than it was then. A comparison between the reserves held in these four centres now and at that period will show this point clearly. The figures are as follows:—

POSITION OF THE RESERVES OF THE BANKS OF ENGLAND, FRANCE, GERMANY, AND OF THE NEW YORK ASSOCIATED BANKS ABOUT THE THIRD WEEK IN THE MONTH OF NOVEMBER 1876 AND 1907

BANK OF ENGLAND

Reserve of Notes and Coin

1876	£19,200,000
1907	£19,915,401

BANK OF FRANCE

Coin and Bullion

1876	£85,600,000[1]
1907 (Gold)	£108,400,000
„ (Silver)	37,400,000
Total	£145,800,000

IMPERIAL BANK OF GERMANY[2]

Coin and Bullion

1876	£24,500,000
1907	£34,500,000

[1] The specie held by the Bank of France was not separated in the published accounts available to us till 1877. The figures of the cash reserve, December 31, 1877, were:—

Gold (including French gold coin, ingots, and foreign gold)	£47,100,000
Silver	34,600,000
	£81,700,000

Hence it is probable that the gold at the Bank of France in 1876 was about £47,000,000.

[2] The specie held by the Imperial Bank of Germany is not separated in the weekly statements, but it may be assumed, according to the pro-

NEW YORK ASSOCIATED BANKS

Specie and Legal Tenders

1876 (Specie)	£3,600,000
„ (Legal Tenders) . .	8,500,000
	£12,100,000
1907 (Specie)	£34,100,000
„ (Legal Tenders) . .	9,700,000
	£43,800,000

Compared with 1876 the reserve of the Bank of England is but little larger now than it was then, while the position of all the other banks—the Banks of France, of Germany, and the New York Associated Banks—as to the amount of the reserves held by them is now much stronger. Meanwhile, a diminution in the strength of the reserve of the Bank of England may now take place almost unobserved, owing to the increased proportion of the note issue made against securities. The Bank Act of 1844 allows the issue against securities to be increased in proportion to the diminution in the English country note circulation. The amount of securities allowed in 1844 was £14,000,000. This had been increased in 1876 to £15,000,000, and it remained at the same point till after 1879. But since that date the decrease in the English country note issue has gone on so rapidly that an addition of £3,450,000 was made to the issue against securities between 1879 and 1903. Hence, we will carry on this part of the comparison from the year 1879. The securities in the issue department now stand at £18,450,000, and while the amount of the notes of the Bank of England entered as issued at the date we are writing in 1907 was

portions of the gold and silver held by it on December 31, 1906, the latest return available, that of the amount of £34,500,000 shown above, over £24,000,000 was in gold, that is to say, a larger sum than the amount of the reserve held at the date referred to by the Bank of England.

nearly the same as it was in 1879, it has something like £4,700,000 less in specie behind it in the issue department now than it had then.

The comparison is as follows:—

Gold coin and bullion and silver coin held by Bank of England, in both departments, July 2, 1879	£35,200,000
Do. do. November 20, 1907	30,500,000
Less in 1907	£4,700,000

The amount of gold and bullion in the issue department, and of notes issued in the returns for July 2, 1879, and November 20, 1907, compares thus:—

The amount of gold held was—	
July 2, 1879	£34,022,675
November 20, 1907	29,246,935
November 20, 1907, smaller .	£4,775,740
The notes issued were—	
July 2, 1879	£49,022,675
November 20, 1907	47,696,935
November 20, 1907, smaller .	£1,325,740
Then subtract the smaller amount of notes issued	£1,325,740
From the smaller amount of gold held	4,775,740
The amount brought out .	£3,450,000

explains the effect of the addition of £3,450,000 since 1879 to the securities held against the notes issued.

The year 1879 is taken for the basis, as the one since which the additions to the securities in the issue department have increased most rapidly; the details as to these are stated above.

The reserve in notes of the Bank of England on July 2, 1879, was .	£19,485,810
On November 20, 1907, it was . .	18,676,585
Less in 1907	£809,225

and this has been accompanied by a decrease in the specie of more than £4,700,000.

This question deserves the most grave consideration. The fact is that the reserve of the Bank was weaker in specie in 1907 than it had been twenty-seven years previously by the large sum mentioned above. The great banks of other countries have increased their reserves, but with us there was, at the date mentioned, a decrease in the gold held against the note reserve, and also in the specie held, collectively, in both departments of the Bank of £4,700,000.

EXTRACT FROM THE "BANKERS' MAGAZINE" FOR JANUARY 1908 (pages 126 to 128)

The *Banking Almanac*, which has now reached its sixty-fourth year of issue, has long come to be regarded as the standard work of reference in connection with banking matters, and the usefulness of the work increases yearly with its bulk. The information given each year by the Almanac is, of course, generally well known, but it may serve a useful purpose to recapitulate some of its principal features:—

A statement of the balance-sheets of each bank, with names of chairman, directors, and auditors, and a complete list of all bank directors in the United Kingdom.

A list of banks in alphabetical order, giving their telegraphic addresses, and an alphabetical list of telegraphic addresses for those who receive a message signed with a telegraphic signal of a bank, and may not be familiar with the name thus abbreviated.

The banks now mentioned are nearly 1500 in number. Of these the foreign portion alone contains 1200.

A complete list of places in the United Kingdom in which banking offices are open, with the names of managers.

A similar list of all the more important places in our principal Colonies, and on the Continents of Europe and America, where banks will be found, and their London correspondents.

The editor, Mr. R. H. Inglis Palgrave, F.R.S., in his interesting retrospect of the year 1907 from the standpoint of the banker, contained in the introduction to the Almanac, has the following remarks:—

"While the year 1907 remained, up to October, without any particularly marked event in banking business, there have been several matters which it is our duty to chronicle. The decision of the London and County Bank to take over the business of Messrs. Frederick Burt & Co., foreign bankers, 80 Cornhill, marks another step in the movement among English banks to join more generally in this class of business. We trust that it will be found not only to answer to the London and County Bank, but that it may assist in first-class bills on foreign centres being held by banks in this country, and thus maintaining our rates at a more even level.

"The year opened with a Bank Rate of 6 per cent., at which point it had stood since October 18, 1906. A 6 per cent. rate has of late years been very rarely charged by the Bank of England. It lasted on this occasion for eighty-four days, a longer period than for more than thirty-five years—that is, in any year since 1874. It was not till January 17, 1907, that the rate dropped to 5 per cent. Throughout the year it has never been lower than 4 per cent. On August 15 it rose to 4½ per cent., on October 31 to 5½ per cent., on November 4 to 6 per cent., and on November 7 to 7 per cent. A general feeling of uneasiness exists, accentuated by a crisis in New York, which may extend widely throughout the United States. The average rate for the year, if it runs, as may be expected, to the end of December, will work out higher than any year since 1873. The year has thus been favourable to bankers

without the rate rising to a point which would be a distinct hindrance to trade and industry. Cheap money is most important to the economic activity of the country, and the general business of the country appears to be distinctly sound, but there is not a general abundance of money. The alterations in the capitals of the banks of the United Kingdom during the last five years show that capital is scarce. Allowing for the diminutions in 1904 and 1905, these show an increase altogether of £3,362,000, being at the rate of little more than £600,000 a year, against an average in recent years of fully £1,000,000 a year.

"A very large sum, £4,412,000, was written off the value of the securities held, and £2,036,000 from the cost of premises, &c.—£6,448,000 in all during the same time.

"These arrangements have doubtless hindered the growth of the capital of the banks. They are also connected with movements in the economic condition of the country which have, in their turn, a depressing influence upon trade.

"The shrinkage in the value of British securities, and, generally, of Stock Exchange values, continues. The chronicle of the movements of the values of the representative stocks maintained in the *Bankers' Magazine* states a shrinkage since the beginning of the year of nearly 340 millions sterling. The reduction in the values of such a large class of property must be a hindrance to the starting of any fresh enterprise, and we fear that bankers will have to write down the prices of their securities further.

"With regard to legislation, since last year the Bills of Exchange (Crossed Cheques) Act, 1906, has become law. By this Act, a banker, who collects crossed cheques paid in by his customers, will no longer be liable to be penalised because he credits his customers with the amount of the cheques before collecting them. The Companies Act, 1907, contains some sections which may be of interest to bankers, especially if the requirement which states that 'any mortgage or charge of land created on or after July 1, 1908, given to secure an account current, will have to be registered at Somerset House,' applies to the form of 'equitable mort-

gages' which banks are in the habit of taking as security for advances. This would be a great hindrance to the freedom of business. It is to be hoped that the section only applies to registered 'legal' mortgages.

"This autumn the demands for gold from the Bank up to the time of writing have not approached in severity the amounts issued last year. The specie held is fully 4 millions larger than at the corresponding date last year, and the same remark applies to the reserve of notes and coin. We have to bear in mind that the incidental influence of the Bank Act of 1844 has tended to reduce the specie held in the issue department by allowing securities to be substituted for it. Since 1844 the increase in the amount allowed to be issued on securities has been £4,450,000. These additions have been made under the powers of Clause V. of the Bank Act, which enacts that on the extinction of any portion of the country note issue in England and Wales an addition may be made to the issue against securities of the notes of the Bank of England to the extent of two-thirds of the amount of the country note issue cancelled. Thus, since the passing of the Bank Act in 1844, the securities held in the issue department have been increased from £14,000,000 to £18,450,000, £1,000,000 of this amount having been added between 1844 and 1866, and £3,450,000 between that date and the present time. The way this has worked out is shown by comparing the figures of the issue department for July 2, 1879, and September 28, 1907.

ISSUE DEPARTMENT, July 2, 1879, and September 28, 1907

July 2, 1879

Notes issued	£49,022,675
Government debt	£11,015,100
Other securities	3,984,900
Gold coin and bullion . . .	34,022,675
	£49,022,675

September 28, 1907

Notes issued	£55,819,455
Government debt	£11,015,100
Other securities	7,434,900
Gold coin and bullion	37,369,455
	£55,819,455

"By comparing these it will be seen that the stock of gold coin and bullion in the issue department on September 28, 1907, was £3,346,780 *more* than on July 2, 1879, and the notes issued were £6,796,780 *more*. Comparing the figures in 1907 with those in 1879 the sum of £3,450,000 referred to above is shown.

"The amount of gold coin and bullion in the issue department, and of notes issued in the returns for July 2, 1879, and September 28, 1907, compared thus:—

The amount of gold held was—	
July 2, 1879	£34,022,675
September 28, 1907	37,369,455
September 28, 1907, larger .	£3,346,780
The notes issued were—	
July 2, 1879	£49,022,675
September 28, 1907	55,819,455
September 28, 1907, larger .	£6,796,780
Then from the larger amount of notes issued	£6,796,780
Deduct the larger amount of gold held	3,346,780
The amount brought out .	£3,450,000

explains the effect of the addition of £3,450,000 since 1879 to the securities held against the note issue.

"We give the details to make the matter perfectly clear. The gold held against the note issue of the Bank of England has thus been weakened. From having been

nearly 70 per cent. of the notes issued in 1879, it is reduced to about 66 per cent. of the notes issued in 1907.

"We expect demands for specie to continue and be augmented. As a greater number of countries in all the quarters of the globe adopt the gold standard, and their gold circulation grows, their demands for gold must obviously increase, and England provides the most convenient source of supply. Meanwhile the effect of the Act of 1844 has been to weaken the stock of specie held in the issue department of the Bank. The circumstance gives a striking example of the need of amending that Act to meet the altered circumstances of the present time."

EXTRACT FROM A LECTURE DELIVERED BY MR. E. H. HOLDEN, M.P., MANAGING DIRECTOR OF THE LONDON CITY AND MIDLAND BANK, LTD., BEFORE THE LIVERPOOL AND DISTRICT BANKERS' INSTITUTE AT LIVERPOOL IN DECEMBER 1907 (reported on pp. 270 to 273 of the *Bankers' Magazine*, February 1908), on "The Depreciation in Securities in Relation to Gold."

We will first deal with the manner in which bankers conduct their business, and this will show the kind of transactions which the community have with them, and seeing that I am addressing an audience composed principally of bankers, my observations, I hope, will be the more easily understood. Every banker here knows when his clients come to him for accommodation, such accommodation is granted either by way of loan, by way of overdraft, or by the discounting of bills. If the accommodation be granted by way of loan, then two entries are made in the banker's books—the one entry is the loan debit, and the other entry is the amount placed to credit of the working account, the credit entry being, of course, created by the debit entry, or, in other words, the loan has created the credit. The credit is then drawn off by means of cheques (I am not alluding to the cases where loans are paid in cash), but these cheques are placed to the credit of the

persons who receive them either with the same bank, or with another bank, it still remaining true that the loan has created the credit wherever the credit may be found. What is true of a loan is also true of an overdraft. The overdraft or debit balance is created by the customer drawing cheques, which cheques are placed to the credit of the persons receiving them. Overdrafts therefore create credits. What is true of loans and overdrafts is also true of the discounting of bills. You discount a bill and place the proceeds to the credit of your customer. The credit is drawn off by cheques, which are again placed to the credit of the receiver either with the discounting bank or with some other bank. In these three cases, it is a truism that loans, overdrafts, or bills discounted create credits, unless gold, silver, or Bank of England notes be drawn out by the debit. When I speak of loans, I must be understood to mean loans, overdrafts, bills discounted, or any other debit which create a credit.

I must not here be understood to say that all credit balances of bankers are the creation of debits, because you are all well aware that some credit balances are created by the payment in of cash, and it is the latter class of credit which creates the cash balance or the banker's reserve, and it is on the basis of this reserve that the superstructure of loans and their concomitant credits is built up.

If you consider the whole of the banks of the United Kingdom as one bank, you would find all the loans, except where paid out in cash, amongst the credits; but even in cases where the loans have been paid in cash, and the cash for a time has circulated outside the banks, but ultimately returns to the banks in the shape of a cash credit—even here the debit creates the credit.

May we not therefore conclude, speaking generally, and regarding the whole of the banks as one bank, that the loans create the credits with the exception of the gold which comes into the country?

I cannot simplify the above arguments in any better way than by taking the illustration of an isosceles triangle, of which, as you are aware, the two sides are equal.

The right side, say, represents the loans of the whole of the banks, and the left side represents the credits created by those loans, and the base represents the cash balance or reserve. If then you draw a line from the left of the base and equal to the base, you get the cash credits in existence. If the loans and credits, as represented by the two sides of the triangle, were the only two elements which bankers had to take into consideration, then there would be no necessity for them to restrict their loans at all, and traders could increase their business and obtain loans *ad libitum*. But there is another element, and a most important one, to be taken into consideration, and it is the fact that all the credits as represented by the left side of the triangle, and the line drawn from the base, are practically payable on demand, and in gold, assuming, of course, that Bank of England notes represent gold.

Every banker must therefore make up his mind by what amount his credits are liable to be diminished, both in ordinary and extraordinary times, and when he has thus made up his mind he ought to keep that amount of available resources in gold, or in a means of obtaining gold. Let us consider, then, that the base of the triangle consists of gold, and it is the ratio of the base of the triangle to the total credits (both created and cash credits) which restricts bankers from increasing unduly their loans. If business increases unduly, and if bankers continue to increase the loan side of the triangle, of course, concurrently increasing their credits, and not being able to increase the gold base of the triangle, then evidently they are getting into danger, and the only judicious course which they can pursue is to curtail their loans, curtailing an undue increase of business, which will curtail the credits, and thus re-establish the ratio.

You here see the direct connection between trade on the one hand and gold on the other, and that it is not so much the production of gold as the amount of gold which can be obtained for the purpose of increasing bankers' reserves. I venture to think that the above explanation will enable you to come to the conclusion that if the gold base of the

triangle[1] cannot be increased, then the danger spot is the Loan.

I want you to remember that the banking system of every country has its triangle, and that the principles enunciated above exist in every triangle of every banking system based on gold in the world. That being so, it is clear, generally speaking, that the business of the world is carried on by means of loans, that loans create credits, that the stand-by for the protection of the credits is gold, and that therefore gold controls trade.

It may happen that the trade of one country grows by leaps and bounds, the loans and credits, of course, following, while the trade of other countries remains normal. What, then, takes place? The gold base of the triangle of the former becomes too small, and it is necessary to enlarge it. *How is the increase effected?* It is effected by the representative bank of the more prosperous country attacking the gold bases of the triangles of other countries, and the instrument by which the attack is made is the rate of discount. By this means gold will be attracted from the bases of the triangles of other countries, and unless those bases are too great for the adequate protection of the credits, the representative banks of those countries will meet the attack by also putting up their rates. But it may happen that the trade of every country has increased by leaps and bounds, and that all loans and credits have also increased. Then the fight begins by each country putting up its rate, first, to prevent its base being diminished, and, secondly, to increase it if possible.

We agree the loan is the danger spot. All bankers know there are Private, Commercial, International, and Stock Exchange loans in every country. They also know the loans of every country should be limited by the gold bases of their triangles.

If they be increased too rapidly, one class gives way, and it is generally the Stock Exchange loan, because it is more easily called in than a Commercial or International loan.

[1] See Table B of this Appendix.

There can be no doubt that commercial loans have increased very rapidly during the last few years, and, in my opinion, that increase has been much larger in countries where tariffs are high than in countries where tariffs are low, because high tariffs mean high prices; high prices mean large profits; large profits mean large extensions; and large extensions mean a large increase of loans.

A DECADE OF BANK AMALGAMATIONS, 1897–1906, by Mr. D. DRUMMOND FRASER (reported on pp. 281–282 of the *Bankers' Magazine*, February 1908)

The following average figures of the Bank of England, taken from the *Banking Almanac*, will show at a glance the important bearing this question has on "our national reserve of gold":—

000,000's OMITTED.

	1896.	Average Three Years ending 1896.	1906.	Average Three Years ending 1906.
	£	£	£	£
Notes issued . . .	58	53	51	51
Government debt . .	11	11	11	11
Other securities . .	6[1]	6[1]	7[2]	7[2]
	17	17	18	18
"Our National Reserve of Gold"	41	36	33	33
	58	53	51	51
Notes in active circulation	26	25	28	28
Notes in the Banking Department	32	28	23	23

I am aware that this only touches the fringe of the gold question, and what I have said only concerns the gradual extinction of the provincial note issues, due (mainly) to amalgamation. The desirability of increasing our gold

[1] The actual figures are £5,800,000 and [2] £7,450,000.

reserve has been constantly advocated by Sir Felix Schuster since 1896, "when the task could easily have been undertaken."

OUR GOLD RESERVE

Necessity for a War Chest

(*The Morning Post, Thursday, March* 26, 1908)

The difficulty that might and must arise among the leading States should they become engaged in war with each other in a measure that jeopardised the mechanism of credit in the States affected, and throughout the commercial world generally, was the formidable possibility of the international credit system that had never been adequately considered, remarked Sir R. Giffen in an address given yesterday afternoon at the Royal United Service Institution on the subject "The Necessity of a War Chest in this Country or a greatly increased Gold Reserve." And it had not been considered, he proceeded, for the simple reason that as a matter of fact since this system became developed in its modern proportions there had been no war in which the leading nations most important to the system had been mutually involved. What would happen now if, for instance, France and Germany, with their allies, were to be again at war, or if the United States and Japan, plus a great European Power, were to be embroiled? Or if, *absit omen!* this country were itself to be engaged with Germany or the United States, or Russia, with perhaps one or two more States joining in as our allies or enemies? Such a war, it seemed to him, would bring upon us, as well as upon the whole community of civilised States to which the system of international credit extended, quite unprecedented calamities and dangers. This would result from the breakdown of the credit system itself and the interruption of international commerce. Classifying the mischiefs to be anticipated from the outbreaks of great wars affecting the leading civilised States, he mentioned first the stoppage or

great contraction of the volume of imports and exports between enemy States and the States dependent on them. The commotion in the whole banking world would be something quite unexampled; interruption of the regularity of trade meant widespread ruin to merchants and bankers together. Then there would be a run for cash and withdrawal of deposits from banks, which would also tend to bring about general failure and bankruptcy. The general apprehensions and troubles that would arise from extensive want of employment constituted another kind of mischief, whether they were due to direct stoppage of trade or to a banking panic or to both causes combined. Therefore, he asked, whether, having in view the contingency of a great war—a war with "unlimited liability"—our present cash reserve arrangements were adequate or not? The liabilities of our banking system might be put at 910 million pounds at least, this being the total of the deposits in the banks of the United Kingdom, including the Bank of England. Against this vast liability there was literally no provision excepting the banking reserve of the Bank of England, about 20 to 25 million pounds in recent times. Practically it might be admitted that the whole stock of bullion in the Bank of England, the amount held against the note issues as well as the banking reserve proper, might be available as a reserve, which would raise the figure from about 20 millions or 25 millions to about 40 million pounds; but there was hardly anything else except the 12 or 15 million pounds held in Scotland and Ireland against the note issues of the Scotch and Irish banks. It would be said, perhaps, that the coin in other banks should be included, as it would be available *pro tanto* against a run; but the sums, whatever they were, were obviously rather till money, required in the daily outgo and incoming of the business, and could not really be parted with in an emergency. As a matter of fact, they were not usually shown separately in bank accounts, being mixed up with cash at call or in the Bank of England. They had only to look at what had happened elsewhere to see how inadequate

the amounts stated were. In the recent panic in America the banks started with about 200 million pounds cash (specie and legal tenders) against 2500 million pounds of liabilities, or about 8 per cent., and how speedily they were bowled over they all knew. A run began which no bank could face. The banking position in our country was one of real danger in the event of a great war.

What the Government can do

The question was, of course, primarily for the banking community itself, and for the chief customers associated with them, who would act wisely in taking an active interest in the subject; yet if the Government could do anything by way of co-operation or otherwise, surely there was occasion for its intervention. What could the Government do and what ought it to do in time of peace, when the matter could be quietly taken in hand? It could take such measures with its own banking arrangements as would enable the Bank of England in time of peace and quiet to add to its normal reserve. He suggested that the Government should not look on itself as a customer in the ordinary way, but should take advantage of its special relation with the Bank of England to encourage and strengthen that institution in the task of maintaining a banking reserve. As to what additions the Bank of England ought to make, what assistance it should invite the Government to give, and what steps both together should urge upon the customers of the Bank, it would be premature to speak in detail, but the question of the banking reserve ought to be regarded as of the essence of the whole contract between the Government and the Bank. His own impression was that the result of any study of the question from this point of view would be that the Government would either increase its payment to the Bank for services rendered, or would forego part of the sum it now received for the privilege of note issue; but in return the Bank would undertake to keep a larger reserve—say

10 million pounds more than were now kept on the average —for emergencies. Quite apart from bankers, he concluded, business people had to learn the expediency of not using their floating money up to the hilt, but of keeping something in reserve.

The discussion was opened by Mr. Spenser Wilkinson, who referred to the moderation of the proposals made in regard to a very difficult matter. The soundest precaution was to take care that the Navy, its organisation, discipline, and training should be as good as they could be. Major Stuart Murray said that if our credit system was not absolutely safe and sound, no one would deny that the whole system of imperial defence rested upon sand. He believed good would be done if an association were formed in the City to press this matter forward. Other speakers included Colonel Maude, Mr. Bellairs, M.P., and Dr. Miller Maguire.

Sir Felix Schuster, who was in the chair, expressed the hope that the paper would have an influence specially with the Government, because in spite of what had been said that afternoon when civilians spoke on these matters, they were not always listened to by the authorities with that readiness which perhaps they thought the importance of the subject deserved. The question of a gold reserve was one which the authorities at the Treasury and at the War Office ought to bear in mind, for after all they had reserves of ammunition—at least he supposed they had—reserves of men, of guns, and of horses. He agreed with Mr. Spenser Wilkinson that we must have an efficient Navy. We could not do without a Navy to keep the command of the sea, but it must be remembered that this difficulty of a gold reserve would arise before the first shot in a war was fired. As to prohibiting the shipment of gold, apart altogether from the enemy they would have their obligations to neutrals which would have to be carried out if their international, commercial, and banking position was to be maintained. He thought Sir Robert Giffen had rather exaggerated the weakness of their credit system, but his

recommendations went to the root of the matter, and while being moderate they carried them some distance. Last July a census was taken of the gold held at the banks in the United Kingdom apart from that in circulation. The result had not been published, but he believed it would be found that the amount was over 30 millions, which was really in addition to the till money referred to by Sir Robert Giffen. There was also the question of the Government Savings Banks. The Post Office Savings Bank held about 156 millions, and the Trustee Savings Bank 53 millions, deposits mostly from the working-class. That was invested in Consols and other Government Securities, and the State should keep a considerable reserve in gold against this. He knew that was not the official view, but in the case of a sudden outbreak of war, in the case of food supplies or supplies of material for our manufactures not arriving as rapidly as they did in time of peace, there would be lack of employment, and the people must go to the Savings Bank for their money. To meet such an emergency the nucleus of a reserve in gold should be formed.

EXTRACT FROM THE ANNUAL ADDRESS OF THE PRESIDENT OF THE UNITED STATES AT THE OPENING OF CONGRESS (pages 82 to 84 of the *Bankers' Magazine* for January 1908)

THE CURRENCY QUESTION

In my message to the Congress a year ago I spoke as follows of the currency: I especially call your attention to the condition of our currency laws. The National Bank Act has ably served a great purpose in aiding the enormous business development of the country, and within ten years there has been an increase in circulation per capita from $21·41 to $33·08. For several years evidence has been accumulating that additional legislation is needed. The recurrence of each crop season emphasises the defects of the present laws. There must soon be a revision of them,

because to leave them as they are means to incur liability of business disaster. Since your body adjourned there has been a fluctuation in the interest on call money from 2 per cent. to 30 per cent., and the fluctuation was even greater during the preceding six months. The Secretary of the Treasury had to step in, and by wise action put a stop to the most violent period of oscillation. Even worse than such fluctuation is the advance in commercial rates and the uncertainty felt in the sufficiency of credit, even at high rates. All commercial interests suffer during each crop period. Excessive rates for call money in New York attract money from the interior banks into the speculative field. This depletes the fund that would otherwise be available for commercial uses, and commercial borrowers are forced to pay abnormal rates, so that each Fall a tax, in the shape of increased interest charges, is placed on the whole commerce of the country. The mere statement of these facts shows that our present system is seriously defective. There is need of a change. Unfortunately, however, many of the proposed changes must be ruled from consideration because they are complicated, are not easy of apprehension, and tend to disturb existing rights and interests. We must also rule out any plan which would materially impair the value of the United States Two per Cent. Bonds now pledged to secure circulation, the issue of which was made under conditions peculiarly creditable to the Treasury. I do not press any especial plan. Various plans have recently been proposed by expert committees of bankers. Among the plans which are possibly feasible, and which certainly should receive your consideration, is that repeatedly brought to your attention by the present Secretary of the Treasury, the essential features of which have been approved by many prominent bankers and business men. According to this plan, national banks should be permitted to issue a specified proportion of their capital in notes of a given kind, the issue to be taxed at so high a rate as to drive the notes back when not wanted in legitimate trade. This plan would not permit the issue of currency to give banks additional profits, but to

meet the emergency presented by times of stringency. I do not say that this is the right system. I only advance it to emphasise my belief that there is need for the adoption of some system which shall be automatic and open to all sound banks, so as to avoid all possibility of discrimination and favouritism. Such a plan would tend to prevent the spasms of high money and speculation which now obtain in the New York market; for at present there is too much currency at certain seasons of the year, and its accumulation at New York tempts bankers to lend it at low rates for speculative purposes, whereas at other times when the crops are being moved, there is urgent need for a large but temporary increase in the currency supply. It must never be forgotten that this question concerns business men generally quite as much as bankers. Especially is this true of stockmen, farmers, and business men in the west; for at present, at certain seasons of the year, the difference in interest rates between the east and the west is from 6 to 10 per cent., whereas in Canada the corresponding difference is but 2 per cent. Any plan must, of course, guard the interests of western and southern bankers as carefully as it guards the interests of New York and Chicago bankers, and must be drawn from the standpoints of the farmer and the merchant no less than from the standpoints of the city banker and the country banker.

Necessity for Immediate Legislation

I again urge on the Congress the need of immediate attention to this matter. We need a greater elasticity in our currency, provided, of course, that we recognise the even greater need of a safe and secure currency. There must always be the most rigid examination by the national authorities. Provision should be made for an emergency currency. The emergency issue should, of course, be made with an effective guarantee and upon conditions carefully prescribed by the Government. Such emergency issue must be based on adequate securities approved by the Govern-

ment, and must be issued under a heavy tax. This would permit currency being issued when the demand for it was urgent, while securing its retirement as the demand fell off.

Mr. W. J. Bryan before the Economic Club

(*The Commoner, Lincoln, Nebraska, February* 21, 1908)

The Economic Club gave a dinner at Hotel Astor, New York, February 5. There were seven hundred guests, among them many New York bankers and capitalists. Mr. Bryan was one of the speakers. Victor Morawetz, Andrew Carnegie, and Lyman J. Gage, former Secretary of the Treasury, preceded Mr. Bryan on the programme. Mr. Baker, who took part in the dialogue, is President of the First National Bank of New York City.

. . . . . .

Mr. Bryan: Mr. Chairman and gentlemen, I have had a number of delusions shattered here to-night. I had understood that for the last forty-seven years our financial affairs had been in the hands of men who possessed all the qualities that Mr. Gage has suggested a commission should possess. And now to learn from excellent American and Scottish authority that we not only have the worst system in the world, but worse than he, with his fruitful imagination, could imagine, what shall I say to my people when I go back home? How shall I explain that three conspicuous financiers who have given this subject great thought, and who know all the intricacies of finance, should be agreed upon but one proposition, and that is, that they do not know what ought to be done. (Applause and laughter.)

I am assured by one of them that that is not a fair statement. I will withdraw any statement that is considered unfair, although it seems to me that after I have travelled 1500 miles to drink in wisdom from authoritative sources, it is a breach of promise, at least—(laughter)—not to give me some information. And yet as each one approached

the important part of the subject, he concluded that we ought to have a commission to consider the matter. . . .

The time allotted to me is not sufficient to answer all of the financial fallacies that have been advanced to-night. I, the champion of sound money—(great laughter)—have not time to defend the honest dollar from the attacks that have been made upon it. (Laughter.) And as I listen to those from whom I expected some clear, specific remedy, I was reminded of the words of the great apostle, and I do not know but I might paraphrase those words and say, "That sound finance which we ignorantly worship, that come I to declare unto you." (Great laughter and applause.)

When I defend anything that we have in finance, you will not accuse me of defending anything with which I have had any connection. These greenbacks that have been described in uncomplimentary language were not issued by me or by my party. (Laughter.) But it seems to me that it is straining a point to denounce the Government for issuing 346 millions of promises to pay, bearing no interest, when he (Ex-Secretary Gage) does not denounce the issue of 700 millions of bank promises to pay, that bear no interest. If a bank's promise to pay, bearing no interest, is fit to serve as money, why should not a government's promise to pay, bearing no interest, be fit to serve as money?

I understood that the subject to-night is the currency question as it presents itself at this time, and, therefore, it is not necessary to discuss our whole financial system. I do not want to enter into the discussion of a subject as large as our financial system. But I remind you that, if we follow the suggestion that nothing but gold be considered good for reserves, then we will either have to stop making deposits in the banks, or increase our gold so that we can keep in the banks a reserve large enough to protect the banks in the doing of their business. (Applause.) We have not the gold in this country, and we cannot get it without drawing gold from countries that need it. If we draw the gold from other countries, and discard the use of money that serves to-day in the place of gold, then the

effect must be to diminish prices in foreign countries, and lessen their ability to trade with us.

To-day we hold in our reserves not only gold, but silver and silver certificates and greenbacks. And the silver and silver certificates and greenbacks amount to 946 millions—600 millions of silver and 346 millions of greenbacks. We have about 1200 millions of gold in the country; that is the best estimate that I have been able to get. Now if we are going to discard, as has been suggested, the use of silver and greenbacks, we must go somewhere and get 946 millions of dollars of gold, and it will not be an easy matter. How can we get it? I will tell you one way to get it: make the farmer sell his foreign export for less, and lay upon him the burden of getting the money to substitute for silver and the greenback. . . .

It is not my business to explain this panic. . . .

If I were a financier and my word was good on finance, I would say that instead of locating the blame on too large an issue of paper money, it ought to be located on the issue of stocks and bonds that do not represent value or even honesty in business. (Great applause.) The gentleman (Ex-Secretary Gage) did me the honour to quote something that I said last night. I am glad that he quoted; I was afraid it would not get into the papers. The fact that he quoted it shows that it appeared in print, and I am gratified. And, my friends, I do not overstate it. In fact, knowing that I was where language was carefully examined, I was especially cautious as to the use of language, and I shall not put this Government, which bought silver at sixty cents and coined it into a dollar, in the same category or company with those who floated the billions of dollars of stocks and bonds that represented nothing but the expectation that those who issued them would, unmolested, reach their hands into the pockets of the people and draw from them dividends to which they were not entitled. The Government did buy silver at sixty cents and coin it into a dollar, and no man who took the dollar ever lost one cent, and that cannot be said of the men who took the securities

and suffered a shrinkage of one-half. So much for the cause of the panic.

On one side of the Atlantic the Gold Monometallists of the United Kingdom are demanding that Bank of England *currency notes* shall be fully secured exclusively by gold deposited in the issue department of that bank; and that *currency notes* shall not be issuable upon the security of bonds of the United Kingdom or other at present similarly authorised securities.

Which is demanding that the issue of all currency notes shall be secured by deposits of unlimited legal tender METALLIC MONEY, containing within itself, as a store of value, its own redemption, and not otherwise.

Bank of England *currency notes* are now issuable to a limited extent upon the security of bonds of the United Kingdom and other authorised securities; and such *currency notes* have been issued upon the security of such bonds and other authorised securities to the extent of about £19,000,000 sterling.

On the other side of the Atlantic the Gold Monometallists of the United States are demanding that National Banks shall continue to issue *currency notes* upon the security of the bonds of the United States, and in addition upon the assets of the National Banks.

Which is demanding that the issue of currency notes shall be secured, not only by deposits of unlimited legal tender METALLIC MONEY, containing within itself, as a store of value, its own redemption; but also by deposits of bonds representing THE FEDERAL DEBT of the United States, which, although reasonably sure of redemption in unlimited legal tender METALLIC MONEY, IS NOT A FEDERAL ASSET but a FEDERAL LIABILITY; and, in addition, by the deposits of other bonds representing THE ASSETS OF THE NATIONAL BANKS, that is, THE DEBTS OF THE CUSTOMERS OF THE NATIONAL BANKS of the United States WHICH MAY NEVER BE REDEEMED.

National Bank *currency notes* are issuable up to the par value of United States Two per Cent. Bonds deposited at

the Treasury of the United States by the National Banks; and such *currency notes* have been issued to the extent of £111,389,100 sterling.[1]

There will be an end to this era of persistent "financial stringency" and "currency famine" only when, by international agreement, the mints shall have been re-opened to the free and unrestricted coinage of both silver and gold into unlimited legal tender money on private account; when silver, equally with gold, becomes as it was before 1871–73, for *international monetary purposes,* unlimited legal tender money, there will be plenty of METALLIC MONEY available for deposit in exchange for *currency notes,* redeemable in gold and silver unlimited legal tender money, to expand the currency automatically according to industrial and commercial needs.

The world's production of gold [2] during the period of thirty-six years, from 1871 to 1906 inclusive, has been as much as £1,264,747,289 sterling; but even this enormous sum of gold is not equal in value to all the actual and potential unlimited legal tender silver money which has been DESTROYED *for international monetary purposes* by the legislation of the nations—demonetising silver, and closing all the mints of the nations against its unrestricted coinage into unlimited legal tender money *on private account.* When we remember that the world's production of silver [2] during *only* the period of 414 years from 1493 to 1906 (*leaving out of account altogether all the actual and potential silver money which was available for use throughout the world* PRIOR *to* 1493), and which, under Bimetallism, would be available for use now, has been as much as £2,542,361,060 sterling, at the ratio of exchange of 15·5 of silver to 1 of gold, it is therefore manifest that even the unparalleled amounts of gold produced during this period of thirty-six years cannot make good the deficiency in the supply of metallic money created BY THE DESTRUCTION OF THE VALUE OF ALL THE SILVER IN THE WORLD

[1] Annual Report of Secretary U.S. Treasury, Fiscal Year to 30th June 1907 (reported in the *Bankers' Magazine,* January 1908, p. 87).

[2] See p. 216, and Table B of this Appendix.

for international monetary purposes; there is still an enormous deficiency in the world's supply of unlimited legal tender *metallic* money under Gold Monometallism as compared with what that supply would have been under Bimetallism, if the international monetary conditions which had existed throughout the world prior to 1871–73 had remained undisturbed; or as compared with what that supply will be if, by international agreement, Bimetallism again becomes the basis of the monetary systems of the nations.

Under BIMETALLISM the credit of the United Kingdom was maintained and her army and navy financed during all the wars waged by the nations during the period from 1666 to 1815.

Under BIMETALLISM, the military forces (1) of the United Kingdom and France during the Crimean War, (2) of France and Italy during the war of Italian liberation, (3) of the United States during her prolonged Civil War, and (4) of France during the war of 1870–71, were all financed and the credit of the nations maintained. These nations could then use to the utmost, together with their other available economic resources, *both* their supplies of silver and their supplies of gold in those times of vital national need.

These wars were all fought to a finish.

The one great war which has been waged under Gold Monometallism—the war of 1904–1905—could not be fought to a finish, because (among other reasons), with GOLD ALONE available for use as INTERNATIONAL MONEY, it soon became manifest, at all the great gold money centres, that a long continuance of the war—the financing of two thoroughly equipped modern armies of 500,000 men each—would mean, not only exhaustion to the combatants, but also, *unbearable financial disturbance* to the industries and commerce of the neutral nations; so the armies of Russia and Japan were recalled from the horrors of war and directed along the paths of peace.

The most highly civilised nations are, all of them, steadily increasing their already burdensome armaments, and are ever striving to increase the destructiveness of

all the instruments of war, so however much we may deplore the existing state of militarism, all nations must face the facts of the situation, and make suitable, sufficient, and timely preparation for national defence.

With the financial experience gained during the great war of 1904–1905, the nations are asking themselves:—

How, under *Gold Monometallism*, will the next great war be financed?

Coinage of Gold and Silver at the Mints of the United States since 1873, *by Fiscal Years*[1]

Fiscal Year.	Gold.		Silver.		
	Fine Ounces.	Value.	Fine Ounces Consumed.	Dollars Coined.	Subsidiary Coined.
		Dollars.			Dollars.
1873	1,705,187	35,249,337	2,179,833	977,150	19,686,645·50
1874	2,440,165	50,442,690	4,558,526	3,588,900	2,394,701·39
1875	1,623,173	33,553,965	7,650,005	5,697,500	4,372,868·00
1876	1,846,907	38,178,963	14,228,851	6,132,050	12,994,452·50
1877	2,132,283	44,078,199	21,239,880	9,162,900	19,387,035·00
1878	2,554,151	52,798,980	21,623,702	19,951,510	8,339,311·50
1879	1,982,742	40,986,912	21,059,046	27,227,500	382·50
1880	2,716,630	56,157,735	21,611,294	27,933,750	8,687·50
1881	3,808,751	78,733,864	21,383,920	27,637,955	12,011·75
1882	4,325,375	89,413,447	21,488,148	27,772,075	11,313·75
1883	1,738,449	35,936,928	22,266,171	28,111,119	724,351·15
1884	1,351,250	27,932,824	22,220,702	28,099,930	673,457·80
1885	1,202,657	24,861,123	22,296,827	28,528,552	320,407·65
1886	1,648,493	34,077,380	23,211,226	29,838,905	183,442·95
1887	1,083,275	22,393,279	26,525,276	33,266,831	1,099,652·75
1888	1,372,117	28,364,171	26,331,176	32,718,673	1,417,422·25
1889	1,235,687	25,543,910	26,659,493	33,793,860	721,686·40
1890	1,065,302	22,021,748	28,430,092	35,923,816	892,020·70
1891	1,169,330	24,172,203	29,498,927	36,232,802	2,039,218·35
1892	1,717,650	35,506,987	11,259,863	8,329,467	6,659,811·60
1893	1,453,095	30,038,140	9,353,787	5,343,715	7,217,220·90
1894	4,812,099	99,474,913	4,358,299	758	6,024,140·30
1895	2,125,282	43,933,475	6,810,196	3,956,011	5,113,469·60
1896	2,848,247	58,878,490	8,651,384	7,500,822	3,939,819·20
1897	3,465,909	71,646,705	18,659,623	21,203,701	3,124,085·65
1898	3,126,712	64,634,865	12,426,024	10,002,780	6,482,804·00
1899	5,233,071	108,177,180	20,966,979	18,254,709	9,466,877·65
1900	5,221,458	107,937,110	23,464,817	18,294,984	12,876,849·15
1901	4,792,304	99,065,715	26,726,641	24,298,850	10,966,648·50
1902	2,998,313	61,980,572	22,756,781	19,402,800	10,713,569·45
1903	2,211,791	45,721,773	19,705,162	17,972,785	8,023,751·25
1904	10,091,929	208,618,642	13,396,894	10,101,650	7,719,231·00
1905	3,869,211	79,983,692	6,600,068	310	9,123,660·60
	90,968,995	1,880,495,917	589,599,613	607,259,120	165,013,008·24

[1] Annual Report of Director of U.S. Mint (1905), p. 21.

Stock of Money in the United States

It has been the custom to present in the reports of this Bureau an estimate of the stock of domestic gold and silver coin in the United States at the end of each calendar and fiscal year.

The estimated stock of domestic coin in the United States at the end of the fiscal year (June 30, 1905) was: gold, $1,305,960,157; silver, $683,053,054—a total of $1,989,013,211.

Official Table of Stock of Coin in the United States, June 30, 1905

Item.	Gold.	Silver.	Total.
	Dollars.	Dollars.	Dollars.
Estimated stock of coin, June 30, 1904	1,285,080,291	674,857,600	1,959,937,891
Net imports, United States coin, fiscal year 1905	...	302,129	302,129
United States coin returned in transports from the Philippine Islands, not recorded at the Custom House, fiscal year 1905	...	843,142[1]	843,142
Coinage, fiscal year 1905 . . .	79,983,692	9,123,971	89,107,663
Total . . .	1,365,063,983	685,126,842	2,050,190,825
Loss—			
Net exports, United States coin, fiscal year 1905	52,172,615	...	52,172,615
United States and Hawaiian coin melted for recoinage (face value)	3,431,211	1,973,788	5,404,999
United States coin estimated to have been used in the arts	3,500,000	100,000	3,600,000
Total . . .	59,103,826	2,073,788	61,177,614
Estimated stock of coin in the United States, June 30, 1905	1,305,960,157	683,053,054	1,989,013,211

Note.—The number of standard silver dollars coined to June 30, 1905, was 570,272,610, which, added to the Hawaiian dollar coinage of 500,000—plus the number imported from the Philippine Islands, 150,000; and the number returned in government transports from the Philippine Islands, 437,578—equals 571,360,188.

[1] Of this amount $437,578 were in one-dollar pieces.

Since July 1, 1898, the number of standard silver dollars exported in transports has been 2,495,000, and since 1883 the number melted has been 183,083 (this Report, p. 21), and the number of Hawaiian dollars melted to June 30, 1905, has been 453,240—a total disposition of 3,131,323—leaving in the United States, June 30, 1905, 568,228,865 standard silver dollars, and 114,824,189 dollars in subsidiary silver coins.

In the above table the amount of coin melted for recoinage is taken at its face value, and the sources from which these amounts were obtained will be found in a table in the Appendix of this report.

The value of the bullion in the mints and assay offices, June 30, 1905, was as follows:—

Bullion in the Mints and Assay Offices, June 30, 1905

Metal.	Value.
Gold	$51,921,029
Silver cost	3,348,114
Total	$55,269,143

The total metallic stock in the United States, June 30, 1905 and 1904, was as follows:—

Value of Metallic Stock, June 30, 1905 *and* 1904

Coin and Bullion.	June 30, 1905.	June 30, 1904.
Gold	$1,357,881,186	$1,327,672,672
Silver	686,401,168	682,383,277
Total	$2,044,282,354	$2,010,055,949

The increase in the stock of gold during the fiscal year 1905 was $30,208,514, and silver $4,017,891, a total of $34,226,405.

Ownership of the Metallic Stock

The ownership of the metallic stock of the United States on June 30, 1905, was as follows:—

Ownership of Gold and Silver in the United States, June 30, 1905

Ownership.	Gold Coin and Bullion.	Silver Coin and Bullion.				Total Gold and Silver Coin and Bullion.
		Silver Dollars.	Subsidiary Coin.	Silver Bullion.	Total Silver.	
	Dollars.		Dollars.	Dollars.	Dollars.	Dollars.
United States Treasury (free)	221,606,848	39,779,821	13,386,482	3,348,114	56,514,417	278,121,265
United States Treasury (for certificates outstanding)	485,210,749	454,864,708	...	...	454,864,708	940,075,457
National Banks (May 29, 1905)	111,221,153	10,244,630	9,616,387	...	19,861,017	131,082,170
National Banks (for clearing-house certificates)	75,974,500	...	...	...	...	75,974,500
Private Banks and individuals	463,867,936	63,339,706	91,821,320	...	155,161,026	619,028,962
Total . . .	1,357,881,186	568,228,865	114,824,189	3,348,114	686,401,168	2,044,282,354

Stock and Location of the Metallic and Paper Money in the United States

The following table exhibits the stock of metallic and paper money in the United States and the location of the same on June 30, 1905:—

Location of Moneys of the United States, June 30, 1905

Money.	In Treasury.	In National Banks, May 20, 1905.	In Other Banks and in Circulation.	Total.
Metallic.	Dollars.	Dollars.	Dollars.	Dollars.
Gold bullion . . .	51,921,029	...	...	51,921,029
Silver bullion . . .	3,348,114	...	...	3,348,114
Gold coin	654,896,568	187,195,653[1]	463,867,936	1,305,960,157
Silver dollars . . .	494,644,529	10,244,630	63,339,706	568,228,865
Subsidiary silver coin	13,386,482	9,616,387	91,821,320	114,824,189
Total Metallic .	1,218,196,722	207,056,670	619,028,962	2,044,282,354
Paper.				
Legal-tender notes (old issue)	14,260,319	169,629,979	162,790,718	346,681,016
Legal-tender notes (Act, July 14, 1890)	140,982	...	9,272,018	9,413,000
National Bank notes	15,690,957	38,340,634[2]	434,074,895	488,106,486
Total Notes . .	30,092,258	207,970,613	606,137,631	844,200,502
Gold certificates . .	32,579,220	193,003,690	292,207,059	...
Silver certificates .	10,400,292	79,574,711	375,289,997	...
Total certificates	42,979,512	272,578,401	667,497,056	...
Grand Total .	...	687,605,684	1,892,663,649	2,888,482,856

[1] Includes $75,974,500 gold clearing-house certificates.

[2] Includes $9,516,473 of their own notes held by different national banks.

Stock of Gold and Silver in the United States since 1873

The stock of gold and silver and the amount per capita at the close of each fiscal year since 1873 in the United States are exhibited in the following table, compiled from the reports of the Director of the Mint:—

Estimated Stock of Gold and Silver in the United States and the Amount per Capita at the Close of each Fiscal Year since 1873 [1]

Fiscal Year ended June 30.	Population.	Total Coin and Bullion.		Per Capita.		
		Gold.	Silver.	Gold.	Silver.	Total Metallic.
		Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
1873	41,677,000	135,000,000	6,149,305	3·23	0·15	3·38
1874	42,796,000	147,379,493	10,355,478	3·44	0·24	3·68
1875	43,951,000	121,134,906	19,367,995	2·75	0·44	3·19
1876	45,137,000	130,056,907	36,415,992	2·88	0·81	3·69
1877	46,353,000	167,501,472	56,464,427	3·61	1·21	4·82
1878	47,598,000	213,199,977	88,047,907	4·47	1·85	6·32
1879	48,866,000	245,741,837	117,526,341	5·02	2·40	7·42
1880	50,155,783	351,841,206	148,522,678	7·01	2·96	9·97
1881	51,316,000	478,484,538	175,384,144	9·32	3·41	12·73
1882	52,495,000	506,757,715	203,217,124	9·65	3·87	13·52
1883	53,693,000	542,732,063	233,007,985	10·10	4·34	14·44
1884	54,911,000	545,500,797	255,568,142	9·93	4·65	14·58
1885	56,148,000	588,697,036	283,478,788	10·48	5·05	15·53
1886	57,404,000	590,774,461	312,252,844	10·29	5·44	15·73
1887	58,680,000	654,520,335	352,993,566	11·15	6·00	17·15
1888	59,974,000	705,818,855	386,611,108	11·76	6·44	18·20
1889	61,289,000	680,063,505	420,548,929	11·09	6·86	17·95
1890	62,622,250	695,563,029	463,211,919	11·10	7·39	18·49
1891	63,975,000	646,582,852	522,277,740	10·10	8·16	18·26
1892	65,520,000	664,275,335	570,313,544	10·15	8·70	18·85
1893	66,946,000	597,697,685	615,861,484	8·93	9·20	18·13
1894	68,397,000	627,293,201	624,347,757	9·18	9·13	18·31
1895	69,878,000	636,229,825	625,854,949	9·10	8·97	18·07
1896	71,390,000	599,597,964	628,728,071	8·40	8·81	17·21
1897	72,937,000	696,270,542	634,509,781	9·55	8·70	18·25
1898	74,522,000	861,514,780	637,672,743	11·56	8·56	20·12
1899	76,148,000	962,865,505	639,286,743	12·64	8·40	21·04
1900	76,891,000	1,034,439,264	647,371,030	13·45	8·42	21·87
1901	77,754,000	1,124,652,818	661,205,403	14·47	8·50	22·97
1902	79,117,000	1,192,395,607	670,540,105	15·07	8·48	23·55
1903	80,847,000	1,249,552,756	677,448,933	15·45	8·38	23·83
1904	81,867,000	1,327,672,672	682,383,277	16·22	8·33	24·55
1905	83,259,000	1,357,881,186	686,401,168	16·31	8·24	24·55

[1] Annual Report of Director of U.S. Mint (1905), pp. 35 to 37.

Gold Stock of the Principal Banks and Treasuries on Dates Given[1]

Name of Bank.	December 31.			
	1883.	1893.	1900.	1904.
	Dollars.	Dollars.	Dollars.	Dollars.
Bank of Austria-Hungary	37,500,000	98,932,000	186,361,000	233,723,000
Bank of Denmark . . .	13,100,000	18,895,000	19,667,000	22,195,000
Bank of Spain	4,300,000	38,619,000	67,550,000	71,989,000
Bank of France . . .	177,800,000	378,859,000	450,230,000	513,187,000
Banks of United Kingdom	139,200,000	255,836,000	189,447,000	192,738,000
Banks of Issue of Italy .	43,000,000	84,939,000	77,683,000	120,625,000
Bank of the Netherlands	9,500,000	17,988,000	23,700,000	27,406,000
Bank of Roumania . .	6,600,000	11,773,000	7,681,000	10,808,000
Bank of Russia . . .	135,100,000	370,560,000	364,480,000	447,760,000
Banks of Issue of Sweden	5,600,000	8,588,000	12,584,000	16,984,000
Banks of Issue of Switzerland	7,600,000	16,096,000	19,319,000	20,651,000
National banks and Treasury of the United States	275,600,000	259,939,000	680,898,000	887,790,000
Banks and Treasury of Canada	6,200,000	18,123,000	25,117,000	52,900,000
Banks of Germany[2] . .	72,000,000	167,484,000	150,375,000	194,557,000
Banks of South Africa[3] .	8,100,000	15,987,090	24,083,000	41,000,000
Banks of Australasia . .	50,700,000	122,643,000	113,080,000	113,031,000
Banks of Portugal . . .	1,500,000	5,100,000	5,200,000	5,200,000
Banks of Norway . . .	6,300,000	9,000,000	11,900,000	6,800,000
Bank of Japan	None	15,692,000	32,544,000	42,619,000
Government Reserve of India	None	None	36,498,000	52,507,000
Argentine Conversion Office	None	None	None	72,100,000
Total . .	999,700,000	1,915,053,000	2,498,397,000	3,146,570,000
Banks of United Kingdom	13·9 per cent. of total	13·4 per cent. of total	7·6 per cent. of total	6·1 per cent. of total

[1] Annual Report of the Director of the U.S. Mint (1905), p. 273.
[2] Includes the "war fund." [3] Natal and Cape Colony.

Production of Gold and Silver in the World since the Discovery of America [1]

[NOTE.—From 1493 to 1885 is from a table of averages for certain periods compiled by Dr. Adolf Soetbeer; for the years 1886 to 1905 the production is the annual estimate of the Bureau of the Mint.]

No.	Period.	Gold.				Silver.				Percentage of Production.				No.
		Annual Average for Period.		Total for Period.		Annual Average for Period.		Total for Period.		By Weight.		By Value.		
		Fine Ounces.	Value.	Fine Ounces.	Value.	Fine Ounces.	Coining Value.	Fine Ounces.	Coining Value.	Gold.	Silver.	Gold.	Silver.	
			Dollars.		Dollars.		Dollars.		Dollars.					
1	1493–1520	186,470	3,855,000	5,221,160	107,931,000	1,511,050	1,954,000	42,309,400	54,703,000	11·0	89·0	66·4	33·6	1
2	1521–1544	230,194	4,759,000	5,524,656	114,205,000	2,899,930	3,740,000	69,598,320	89,986,000	7·4	92·6	55·9	44·1	2
3	1545–1560	273,596	5,656,000	4,377,544	90,492,000	10,017,940	12,952,000	160,287,040	207,240,000	2·7	97·3	30·4	69·6	3
4	1561–1580	219,906	4,546,000	4,398,120	60,917,000	9,628,925	12,450,000	192,578,500	248,990,000	2·2	97·8	26·7	73·3	4
5	1581–1600	237,267	4,905,000	4,745,340	98,095,000	13,467,635	17,413,000	269,352,700	348,254,000	1·7	98·3	22·0	78·0	5
6	1601–1620	273,918	5,662,000	5,478,360	113,248,000	13,596,235	17,579,000	271,924,000	351,579,000	2·0	98·0	24·4	75·6	6
7	1621–1640	266,845	5,516,000	5,336,900	110,324,000	12,654,240	16,361,000	253,084,800	327,221,000	2·1	97·9	25·2	74·8	7
8	1641–1660	281,955	5,828,000	5,639,110	116,571,000	11,776,545	15,226,000	235,530,900	304,525,000	2·3	97·7	27·7	72·3	8
9	1661–1680	297,709	6,154,000	5,954,180	123,084,000	10,834,550	14,008,000	216,691,000	280,166,000	2·7	97·3	30·5	69·5	9
10	1681–1700	346,095	7,154,000	6,921,895	143,088,000	10,992,085	14,212,000	219,841,700	284,240,000	3·1	96·9	33·5	66·5	10
11	1701–1720	412,163	8,520,000	8,243,260	170,403,000	11,432,540	14,781,000	228,650,800	295,629,000	3·5	96·5	36·6	63·4	11
12	1721–1740	613,422	12,681,000	12,268,440	253,611,000	13,863,080	17,924,000	277,261,600	358,480,000	4·2	95·8	41·4	58·6	12
13	1741–1760	791,211	16,356,000	15,824,230	327,116,000	17,140,612	22,162,000	342,812,235	443,232,000	4·4	95·6	42·5	57·5	13
14	1761–1780	665,666	13,761,000	13,313,315	275,211,000	20,985,591	27,133,000	419,711,820	542,658,000	3·1	96·9	33·7	66·3	14
15	1781–1800	571,948	11,823,000	11,438,970	236,464,000	28,261,779	36,540,000	565,235,580	730,810,000	2·0	98·0	24·4	75·6	15
16	1801–1810	571,563	11,815,000	5,715,627	118,152,000	28,746,922	37,168,000	287,469,225	371,677,000	1·9	98·1	24·1	75·9	16
17	1811–1820	367,957	7,606,000	3,679,568	76,063,000	17,385,755	22,479,000	173,857,555	224,786,000	2·1	97·9	25·3	74·7	17
18	1821–1830	457,044	9,448,000	4,570,444	94,479,000	14,807,004	19,144,000	148,070,040	191,444,000	3·0	97·0	33·0	67·0	18
19	1831–1840	652,291	13,484,000	6,522,913	134,481,000	19,175,867	24,793,000	191,758,675	247,930,000	3·3	96·7	35·2	64·8	19
20	1841–1850	1,760,502	36,393,000	17,605,018	363,928,000	25,090,342	32,440,000	250,903,422	324,400,000	6·6	93·4	52·9	47·1	20
21	1851–1855	6,410,324	132,513,000	32,051,621	662,566,000	28,488,597	36,824,000	142,442,986	184,169,000	18·4	81·6	78·3	21·7	21
22	1856–1860	6,486,262	134,083,000	32,431,312	670,415,000	29,095,428	37,618,000	145,477,142	188,092,000	18·2	81·8	78·1	21·9	22
23	1861–1865	5,949,582	122,989,000	29,747,913	614,944,000	35,401,972	45,772,000	177,009,862	228,861,000	14·4	85·6	72·9	27·1	23
24	1866–1870	6,270,086	129,614,000	31,350,430	648,071,000	43,051,583	55,663,000	215,257,914	278,313,000	12·7	87·3	70·0	30·0	24
25	1871–1875	5,591,014	115,577,000	27,955,068	577,883,000	63,317,014	81,864,000	316,585,069	409,322,000	8·1	91·9	58·5	41·5	25
26	1876–1880	5,543,110	114,586,000	27,715,550	572,931,000	78,775,602	101,851,000	393,878,009	509,256,000	6·6	93·4	53·0	47·0	26
27	1881–1885	4,794,755	99,116,000	23,973,773	495,582,000	92,003,944	118,955,000	460,019,722	594,773,000	5·0	95·0	45·5	54·5	27
28	1886–1890	5,461,282	112,895,000	27,306,411	564,474,000	108,911,431	140,815,000	544,557,155	704,074,000	4·8	95·2	44·5	55·5	28
29	1891–1895	7,882,565	162,947,000	39,412,823	814,736,000	157,581,331	203,742,000	787,906,656	1,018,708,000	4·8	95·2	44·4	55·6	29
30	1896–1900	12,446,939	257,301,100	62,234,698	1,286,505,000	165,693,304	214,229,700	828,466,522	1,071,148,000	7·0	93·0	54·6	45·4	30
31	1901–1905	15,587,930	322,231,100	77,939,651	1,611,155,000	167,105,600	216,055,800	835,528,300	1,080,279,000	8·5	91·5	59·8	40·2	31
	Total . .			564,898,300	11,677,485,000			9,664,059,449	12,494,945,000	6·5	93·5	48·3	51·7	

[1] Annual Report of Director of U.S. Mint, "Production of the Precious Metals" (1905), pp. 188–189.

Commercial Ratio of Silver to Gold each Year since 1687 [1]

[NOTE.—From 1687 to 1832 the ratios are taken from Dr. A. Soetbeer, from 1833 to 1878 from Pixley and Abell's tables, and from 1879 to 1896 from daily cablegrams from London to the Bureau of the Mint, and since from daily London quotations.]

Year.	Ratio.	Year.	Ratio.	Year.	Ratio.	Year.	Ratio.	Year.	Ratio.	Year.	Ratio.
1687	14·94	1724	15·11	1761	14·54	1798	15·59	1835	15·80	1872	15·63
1688	14·94	1725	15·11	1762	15·27	1799	15·74	1836	15·72	1873	15·93
1689	15·02	1726	15·15	1763	14·99	1800	15·68	1837	15·83	1874	16·16
1690	15·02	1727	15·24	1764	14·70	1801	15·46	1838	15·85	1875	16·64
1691	14·98	1728	15·11	1765	14·83	1802	15·26	1839	15·62	1876	17·75
1692	14·92	1729	14·92	1766	14·80	1803	15·41	1840	15·62	1877	17·20
1693	14·83	1730	14·81	1767	14·85	1804	15·41	1841	15·70	1878	17·92
1694	14·87	1731	14·94	1768	14·80	1805	15·79	1842	15·87	1879	18·39
1695	15·02	1732	15·09	1769	14·72	1806	15·52	1843	15·93	1880	18·05
1696	15·00	1733	15·18	1770	14·62	1807	15·43	1844	15·85	1881	18·25
1697	15·20	1734	15·39	1771	14·66	1808	16·08	1845	15·92	1882	18·20
1698	15·07	1735	15·41	1772	14·52	1809	15·96	1846	15·90	1883	18·64
1699	14·94	1736	15·18	1773	14·62	1810	15·77	1847	15·80	1884	18·61
1700	14·81	1737	15·02	1774	14·62	1811	15·53	1848	15·85	1885	19·41
1701	15·07	1738	14·91	1775	14·72	1812	16·11	1849	15·78	1886	20·78
1702	15·52	1739	14·91	1776	14·55	1813	16·25	1850	15·70	1887	21·10
1703	15·17	1740	14·94	1777	14·54	1814	15·04	1851	15·46	1888	22·00
1704	15·22	1741	14·92	1778	14·68	1815	15·26	1852	15·59	1889	22·10
1705	15·11	1742	14·85	1779	14·80	1816	15·28	1853	15·33	1890	19·75
1706	15·27	1743	14·85	1780	14·72	1817	15·11	1854	15·33	1891	20·92
1707	15·44	1744	14·87	1781	14·78	1818	15·35	1855	15·38	1892	23·72
1708	15·41	1745	14·98	1782	14·42	1819	15·33	1856	15·38	1893	26·49
1709	15·31	1746	15·13	1783	14·48	1820	15·62	1857	15·27	1894	32·56
1710	15·22	1747	15·26	1784	14·70	1821	15·95	1858	15·38	1895	31·60
1711	15·29	1748	15·11	1785	14·92	1822	15·80	1859	15·19	1896	30·59
1712	15·31	1749	14·80	1786	14·96	1823	15·84	1860	15·29	1897	34·20
1713	15·24	1750	14·55	1787	14·92	1824	15·82	1861	15·50	1898	35·03
1714	15·13	1751	14·39	1788	14·65	1825	15·70	1862	15·35	1899	34·36
1715	15·11	1752	14·54	1789	14·75	1826	15·76	1863	15·37	1900	33·33
1716	15·09	1753	14·54	1790	15·04	1827	15·74	1864	15·37	1901	34·68
1717	15·13	1754	14·48	1791	15·05	1828	15·78	1865	15·44	1902	39·15
1718	15·11	1755	14·68	1792	15·17	1829	15·78	1866	15·43	1903	38·10
1719	15·09	1756	14·94	1793	15·00	1830	15·82	1867	15·57	1904	35·70
1720	15·04	1757	14·87	1794	15·37	1831	15·72	1868	15·59	1905	33·87
1721	15·05	1758	14·85	1795	15·55	1832	15·73	1869	15·60	...	...
1722	15·17	1759	14·15	1796	15·65	1833	15·93	1870	15·57	...	...
1723	15·20	1760	14·14	1797	15·41	1834	15·73	1871	15·57	...	...

In the presence of the unquestionable evidence in the foregoing tables showing (1) the RATIO OF PRODUCTION of silver in comparison with gold during the period from 1493 to 1905, and (2) the abnormal disturbance of the RATIO OF EXCHANGE of silver in comparison with gold since

[1] Annual Report of Director of U.S. Mint, "Production of the Precious Metals" (1905), p. 175.

1871–73, can any one really doubt that *the unprecedented fall* in the exchange value of silver in comparison with gold since 1871–73 is the necessary and inevitable consequence *of the closing of the mints of the nations against the free and unrestricted coinage of silver into unlimited legal tender money* ON PRIVATE ACCOUNT, thereby *closing* the unlimited markets for the sale of silver at the price fixed by law, namely, 60·875d. per ounce; while keeping those mints open to the free and unrestricted coinage of gold into unlimited legal tender money *on private account*, thereby *keeping open* the unlimited markets for the sale of gold at the price fixed by law, namely, £3·89375 per ounce, and NOT in consequence of anything connected with the production of the precious metals?

This fall in the exchange value of silver in comparison with gold illustrates, in a most striking manner, the economic law which declares that "value in use" determines "exchange value."

In addition to the *natural* utilities of silver and gold, the laws of the nations impose upon these metals the *social* utility of performing the legal tender money function, thereby enhancing their "value in use," and consequently also their "exchange value" in comparison with other articles of physical wealth.

The closing of the mints of the great commercial nations against the free and unrestricted coinage of silver into unlimited legal tender money *on private account* restricted its use, in performing the money function, decreased the area of social utility which it had previously shared equally with gold, and so by decreasing its "value in use," in comparison with gold, thereby decreased also its "exchange value," in comparison with gold.

On the other hand, these mints remaining open to the free and unrestricted coinage of gold into unlimited legal tender money *on private account* enlarged its use in performing the money function, increased the area of its social utility in comparison with silver, by requiring gold to perform *singly* that part of the money function which it had

previously performed *jointly* with silver, and so by increasing the "value in use" of gold, in comparison with silver, thereby increased also its "exchange value," in comparison with silver.

"Before 1873 every ounce of gold, and equally every 15½ ounces of silver, mined was," potentially, unlimited legal tender money. "The Paris Mint, for example, was just as freely open to coin silver for the merchant of London as for the merchant of Lyons." Although to-day, "for the first time in the world's history, not a mint is open to the free coinage of silver"[1] into unlimited legal tender money ON PRIVATE ACCOUNT, yet the popular need of silver money is so great and indispensable that the governments of the nations have been compelled to coin silver money all the time, in ever-increasing sums, to satisfy the normal demands of the industry, the commerce, and the every-day monetary requirements of their populations. BIMETALLISM IS A MONETARY NECESSITY.

Under the GOLD MONOMETALLISM of the period from 1871–73 to the present time, as under THE POPULAR AND AUTOMATIC BIMETALLISM of the previous period, the governments of all the nations have been compelled to make some provision for the regular supply of silver money for the purpose of satisfying the indispensable monetary needs of their populations.

The United States resumed specie payments in 1878. We may be able to measure, with some degree of accuracy, what is the indispensable popular need of silver money in comparison with the bankers' need of gold money by comparing the estimated amount of gold and silver metallic money PER CAPITA in the United States in the year 1878 and in the year 1905:—

	1878.	1905.	Increase per Capita.	Percentage of Increase per Capita.
Gold money per capita .	$4·47 –	$16·31 =	$11·84 =	264·88 gold money.
Silver „ „ .	1·85 –	8·24 =	6·39 =	345·40 silver „
Metallic „ „ .	$6·32 –	$24·55 =	$18·23 =	288·45 metallic „

[1] Mr. Moreton Frewen in *The Economist* of November 16, 1907, p. 1985.

The indispensable popular need of silver money in the United States is thereby shown to be greater than the bankers' need for gold money, and also greater than the aggregate need of all the people of that country for metallic money, under currency conditions entirely favourable TO THE MINIMUM USE OF SILVER MONEY, *and to the maximum use of gold money.*

During the whole of the period from 1878 to 1905 there has been in circulation also (1) the unlimited legal tender currency notes of the Federal Government, including denominations as low as $\$1\frac{00}{100}$ (about 4s. 2d.); (2) the currency notes of the National Banks, of similar low denominations, secured by the deposits of United States Government Bonds at the Federal Treasury; and the mints have been open (3) TO THE FREE AND UNRESTRICTED coinage of gold into unlimited legal tender money ON PRIVATE ACCOUNT; but only open (4) to THE LEGALLY RESTRICTED coinage of silver into both unlimited and limited legal tender money ON GOVERNMENT ACCOUNT; and (5) during the year 1905 only $\$310\frac{00}{100}$ unlimited legal tender silver dollars were coined by the mints of the United States.[1]

In 1906 the "financial stringency," the "money famine" of Gold Monometallism, began to be felt; and in 1907 panic conditions prevailed for about six weeks at all the money centres of the United States.

The conditions of "financial stringency," of "money famine," although most acute in the United States, are world-wide. Apparently there can be no permanent relief from the existing monetary conditions, which are so oppressive and disorganising to the constantly increasing financial needs of the ever-expanding industries and commerce of the nations, except by the RE-ESTABLISHMENT OF POPULAR AND AUTOMATIC BIMETALLISM—the return to the conditions which had existed throughout the West prior to 1871–73—BY INTERNATIONAL AGREEMENT.

The situation urgently demands, not only National

[1] See Table on p. 209.

Currency Commissions each dealing SUBJECTIVELY, from the national point of view, with this most important problem of THE MONEY LAWS of each country, and their influence (1) upon every other form of property, and (2) upon the general purchasing power of all incomes of fixed sums of money, but also the calling together, THE MEETING OF THE FIFTH INTERNATIONAL MONETARY CONFERENCE, at London, Paris, or New York, which should deal thoroughly, exhaustively, co-operatively, and OBJECTIVELY, from the international point of view, with THE EXISTING UNSTABLE MONETARY CONDITIONS which periodically arrest the expansion and development of the industries and commerce of all the nations of the West.

The expansion and development of the industries and commerce of the nations must be continuous and progressive, up to the limits imposed upon us by the limits of the physical order, so that the ever-increasing populations may be regularly and continuously incorporated into the economic life of the nations, and thereby be enabled to earn for themselves the regular incomes needed to satisfy their just and reasonable natural and social requirements.

By the establishment of such favourable economic conditions, something helpful may be done towards saving civilisation from THE PERIL OF THE UNEMPLOYED.

The Medieval Christian West sometimes ALTERED THE MONEY LAWS of the nations, so that all the then existing inter-temporary transactions were modified in favour of the debtor classes, but AT THE EXPENSE OF THE CREDITOR CLASSES.

The Modern Scientific West, in establishing Gold Monometallism, has ALTERED THE MONEY LAWS of the nations, so that all current inter-temporary transactions which existed prior to 1871–73 have been modified in favour of the creditor classes, but AT THE EXPENSE OF THE DEBTOR CLASSES.

"YE SHALL DO NO UNRIGHTEOUSNESS IN JUDGMENT."

In Society to-day, under the Wage Competitive System and the Single Standard Money System, there is the EXCLUSIVE APPROPRIATION of the whole of the Profit or

Surplus Wealth, resulting from the co-operation of all classes of working men, directly and immediately, in so far as it relates to *contemporary* transactions (*a*) by *Entrepreneurs* or Employers who undertake to pay *in advance* fixed sums of money, as value in exchange, for the use of capital and for the services of labour, and *in full satisfaction* of all the claims of capitalists and labourers upon the whole of the wealth produced and distributed by the co-operative efforts of all classes of working-men; and indirectly and ultimately, in so far as it relates to *intertemporary* transactions (*b*) by Capitalists, who are the CREDITOR CLASSES of the nation, as one of the results of the operation of the legal tender provisions of section 6 of the Coinage Act, 1870—33 Vict. cap. 10—which secures the intermittent but permanent APPRECIATION OF MONEY, thereby giving to Capitalists, THE CREDITOR CLASSES, an intermittently but permanently increasing control over all articles of physical wealth, over all commodities, as the *progress* of the economic arts—industrial, commercial and financial *efficiency*—reduces cost of production, and as *abundance* reduces price.

This exclusive appropriation of the whole of the Profit or Surplus Wealth, directly and immediately (*a*) by *Entrepreneurs* or Employers; indirectly and ultimately (*b*) by Capitalists or the Creditor Classes, is PREDATORY in its influence upon all the other classes of working-men, and so, as a consequence, we find, simultaneously, everywhere, UNEMPLOYMENT of both capital and labour; we find "Hard Times" and "Trade Depressions" in the midst of ABUNDANCE of all kinds of physical wealth; we behold (1) the *exploitation* of employees by employers; (2) the *suffocation* of debtors by creditors; and (3) the *depletion* of producers by consumers—modified progressively by the continuous development of THE TRUST.

We know that every department and function of Society groaneth and travaileth in pain together until now, and in very truth, under the combined influences of the Wage Competitive System and the Single Standard

Money System, we behold *the strangulation of business by the* APPRECIATION OF MONEY; we behold SOCIETY DEVOURING ITSELF.

This EXCLUSIVE AND PREDATORY APPROPRIATION of the whole of the Profit or Surplus Wealth by the *Entrepreneur* and Creditor Classes of Society is USURY;[1] and this USURY is the EFFICIENT CAUSE of the periodic recurrence of "Hard Times" and "Trade Depressions" in the midst of Abundance.

In attacking USURY we continue to fight the good fight against the Crime of all the Ages, and the Victory is with us.

Here and now, in our midst, and around us on every side, are "the weary and the heavy-laden" ones, those who endure all things, who suffer all things—mothers and fathers, wives and husbands, daughters and sons, sisters and brothers—all of them men and women of like passions unto ourselves, PERISHING, because they have not the wherewithal to procure the necessaries of life for themselves and for their dear ones; PERISHING because they cannot obtain work to earn the means of procuring a sufficiency of the necessaries of even physical existence; IDLING in the market-place because no man hath hired them; IDLING because, we are told, there is no work for them to do in this wide, wide world of want and woe! But there are some of us who still believe that THERE IS WORK ENOUGH FOR ALL MEN. "The human body is a machine so constructed that work is a necessity for its continued existence and well-being."[2]

"If a brother or sister be naked, and in lack of daily food, and one of you say unto them, Go in peace, be ye warmed and filled; and yet ye give them not the things needful to the body; what doth it profit?"[3]

"Mira came to ask what shall she do with the poor Genesee woman who had hired herself to work for her at a shilling a day, and, now sickening, was like to be bed-

[1] "I pray you, let us leave off this USURY. *Restore*, I pray you, to them, even this day, their lands, their vineyards, their oliveyards, and their houses, also THE HUNDREDTH PART *of the money, and of the corn, the wine, and the oil*, THAT YE EXACT OF THEM" (Nehemiah v. 10–11).

[2] Robeson Roose, M.P. (*Fortnightly Review*, February 1886).

[3] St. James ii. 15–16.

ridden on her hands. Should she keep her, or should she dismiss her? But Benedict said: 'Why ask? One thing will clear itself as the thing to be done, and not another, when the hour comes. Is it a question, whether to put her into the street? Just as much whether to thrust the little Jenny on your arm into the street. The milk and meal you give the beggar will fatten Jenny. Thrust the woman out, and you thrust your babe out of doors, whether it so seem to you or not.'"[1]

Again, as to the first of the children of men, in the beginning of the ages, Humanity, at this time, asketh each of us, the children of men: Where is thy brother? Where is thy sister? And although *she* may be "possessed with seven devils," and although *he* may have "spent all his substance in riotous living," yet is *he* still *our* brother, yet is *she* still *our* sister; and they should not be permitted to perish utterly, but rather should we endeavour to rescue them, and to save them, according to the utmost of our available resources. "*They that are whole have no need of a physician, but they that are sick.*"

The apostles and prophets of this BOURGEOISE REGIME have used the blinding pride, the deafening arrogance, and the heartless indifference *displayed* by the monarchy and by the aristocracy, *during transitional periods* in the life of Society, as illustrations to point many a moral, to adorn many a tale; and we, of the bourgeoise regime, who have received an inheritance from these apostles and prophets, have always boasted that we are "eminently practical men." We have affirmed that unity of material interests is one of the practicable guarantees of peace and progress.

We have professed to believe that it is possible to make an end of international "foreign" wars by means of international commercial treaties, providing facilities for the expansion of international trade, for the international exchange of commodities; aided by international Courts of Arbitration for the settlement and determination of international disputes.

[1] "The Conduct of Life"—Worship, p. 206 (R. W. Emerson).

We, the "eminently practical men" of this first decade of the twentieth century of the Christian Era, we, who are to-day the rulers of the rulers of the Earth, will soon be put to the test. Will we know the time of our visitation? Will we know the things that belong unto our peace? Or will we too be blind, deaf, unfeeling, heartless, discerning only the face of the sky without being able to comprehend *the signs of the times?* "Those eighteen, upon whom the tower in Siloam fell, and slew them, think ye that they were sinners above all men that dwelt in Jerusalem?"[1] No, BUT THEY PERISHED BECAUSE THEY HAPPENED TO BE PASSING AT THE TIME THE TOWER FELL!

Think we that those monarchs and aristocrats against whom revolutionists in the past have cried "*havoc*, and let slip the dogs of war"—civil war—overthrowing monarchical and aristocratic institutions, slaughtering monarchs and aristocrats and the men and women who were brave enough to stand by and to defend them and the institutions which they *then* regarded as being excellent, were prouder, more arrogant, more unfeeling and heartless than all the monarchs and aristocrats who had preceded them, because they suffered such overthrowings and slaughterings? No, BUT THEY PERISHED BECAUSE THEY HAPPENED TO BE GOVERNING AT THE TIMES OF THE REVOLUTIONS!

Are we, of the BOURGEOISE REGIME, equal to the task of *harmonising and reconciling the material interests* (*a*) of *Entrepreneurs* or Employers and their Employees? (*b*) of Creditors and Debtors, Lenders and Borrowers? Do we believe that it is practically possible to make an end of "Strikes" and "Lock-outs," of "Trade Depressions" and Bankruptcies, and all the other well-known and similar forms of avoidable economic war and waste? If, *within* the nation, we cannot do *these* things which are *least*, how can we ever expect to be able, *between* the nations, to do THOSE things which are GREATEST?

Are we equal to the task of *continuing to build upon* JUSTICE—THE ETERNAL FOUNDATION OF SOCIETY? "But if

[1] St. Luke xiii. 4.

any man buildeth on the foundation gold, silver, costly stones, wood, hay, stubble; each man's work shall be made manifest: for the day shall declare it, because it is revealed in fire; and the fire itself," even the FIRE OF HUMAN EXPERIENCE, which proveth, which maketh manifest the JUSTICE or the INJUSTICE of every particular Social Institution, "shall prove each man's work of what sort it is."[1]

Here is wisdom:—"Behold the fig-tree, and all the trees: when they now shoot forth, ye see it and know of your own selves that the summer is now nigh."[2]

"For which of you intending to build a tower, doth not first sit down and count the cost, whether he have *wherewith* to complete it? Lest haply, when he hath laid a foundation, and is not able to finish, all that behold begin to mock him, saying, This man began to build, and was not able to finish. Or what king, as he goeth to encounter another king in war, will not sit down first and take counsel whether he is able with *ten thousand* to meet him that cometh against him with *twenty thousand?* Or else, while the other is yet a great way off, he sendeth an ambassage and asketh conditions of peace."[3]

Be not deceived, the HISTORICAL DESCENDANTS of the men and women, of the classes and the masses, who, in the past, when their REAL SUFFERINGS were disregarded, or were treated with indifference, or, even, were not sought —sympathetically, intelligently, and effectively—to be remedied by publicists and statesmen, spared neither the monarchy nor the aristocracy, WILL NOT, under similar circumstances, SPARE THE BOURGEOISIE.

Somewhere, in the literature of the Temperance Movement, there is this statement:—"*The way to prevent your daughter from marrying a drunkard is to have no drunkards.*"

THE WAY TO PREVENT THE OVERTHROW OR DESTRUCTION OF SOCIAL ORDER BY THE "DANGEROUS CLASSES" IS TO HAVE NO "DANGEROUS CLASSES."

In Society, under the Wage Co-operative System of

[1] 1 Corinthians iii. 11–13. [2] St. Luke xxi. 29–30.
[3] St. Luke xiv. 28–32.

Profit-Sharing, and the Double Standard Money System, there will be the INCLUSIVE PARTICIPATION, and the equitable distribution of the whole of the Profit or Surplus Wealth resulting from the co-operation of all classes of Working-men (*a*) between Employers and Employees; (*b*) between Creditors and Debtors, Lenders and Borrowers—between all classes of working-men—"Unto each according to his work."

This INCLUSIVE AND PARTICIPATORY DISTRIBUTION of the whole of the Profit or Surplus Wealth among all classes of working-men, "unto each according to his work," IS ECONOMIC CO-OPERATION; and WHEN there shall be the establishment by law (*a*) of the Wage Co-operative System of Profit-Sharing, as part of the necessary and regular business relations between *Entrepreneurs* or Employers and their Employees; and (*b*) of the Double Standard Money System, as part of the necessary and regular business relations between Creditors and Debtors, Lenders and Borrowers, THEN this CO-OPERATION will most EFFECTUALLY PREVENT the periodic recurrence of "Hard Times" and "Trade Depression" in the midst of Abundance, AND REDUCE ECONOMIC FLUCTUATIONS, THE SOURCE OF OUR CONSTANT ECONOMIC TROUBLES, TO THEIR MINIMUM DIMENSIONS.

The subjects hereinbefore considered are not specially either class or race questions; but they are specially both national and human questions. The object aimed at is to endeavour to facilitate the modification and readjustment of the economic organisation of Society SO AS TO PREVENT THE WASTE WHICH CREATES THE WANT.

The river of the life of Society flows on unceasingly, a continuous stream; we of to-day are the terminals of the parents of *yesterday*, the starting-points of the children of *to-morrow;* and although, throughout the ages, even until now, many members of Society have suffered, and are suffering, unspeakable miseries because of the injustice of the workings of many *legally* established institutions, because of the injustice of the enforcement of many *legally* valid contracts, yet, nevertheless, the waters of the river of the

life of Society are sweeter and purer *to-day* than they were at any previous period of the world's history known to us.

The life of Society has been made progressively more harmonious as the outcome of the discipline of suffering—modified progressively by mutual aid—through which it has passed; and those who suffered were persuaded that the sufferings of *this era*, which continues until now, are not to be compared with the gloryings of *that era which shall be*, for the advent of which they suffered and waited, struggling continuously against those injustices which were then—some of them are still with us—*legally* established and *authoritatively* enforced within the body of Society. Because of their sufferings and their strugglings we of to-day have entered upon the enjoyment of somewhat more of rest and peace than we would have otherwise inherited. They wrought, and we have entered upon and obtained the reward of their work. Therefore we, who have so entered upon and obtained the enjoyment of somewhat of the rest and peace for which the parents of *yesterday* had suffered and struggled and wrought, are thereby placed under obligations to the children of *to-morrow* to continue the work, to struggle, and in struggling, to endure, if need be, a further discipline of suffering, but, at whatever hazard, to continue the work, even the work of the upbuilding of the Kingdom of Humanity on Earth which endureth for ever.

They of *yesterday* and we of *to-day* are ONE; we are united in the suffering and in the strugglings and in the work whereby Society attaineth unto victory by being progressively raised to the level of the higher and higher life which is involved in, which is at-one with, which is, the Eternal life of Humanity.

"*The true test of civilisation is, not the census, nor the size of the cities, nor the crops*—NO, BUT THE KIND OF MAN THE COUNTRY TURNS OUT."

The claims are (1) that *Entrepreneurs* or Employers and their Employees should participate equally in the *profits* and in the *losses* of business; and (2) that Creditors and

Debtors, Lenders and Borrowers, should participate equally in the *appreciation* and in the *depreciation* of money as matters of RIGHT. *Working-men neither ask for nor wish to receive alms.* If these claims are, as matters of right, just and equitable, then it is the duty of every member of Society to endeavour, in all lawful ways and by the use of all lawful means, to make these claims INCARNATE in the Government of every nation of the earth: working, in the meanwhile, also, with all our might and with all our mind, at the tasks which, daily and every day, lie nearest to our hands, faithfully fulfilling all contracts and thereby discharging all the obligations of duty.

These claims are denied and contradicted by the very existence of many human institutions and laws, but in so far as such institutions and laws are founded in error, are based upon a lie, they must and will perish. "*Every violation of truth is not only a sort of suicide in the liar, but it is also a stab at the health of human Society. On the most profitable lie, the course of events presently lays a destructive tax.*"

The life of human institutions and laws manifests itself *only* in the lives of men and women—the constituent units of the social organism—who have FAITH in their excellence. So long as this faith *continues* to operate, in and through the lives of the greater portion of the constituent units of the social organism, the life manifested by such institutions and laws continues to be strong and vigorous; but as soon as this faith is impaired or lost, such institutions and laws must soon pass away and perish for ever.

Men and women do not, as a rule, protect and defend any institution or law if they are convinced of the essential injustice of their operations; as soon as their injustice is made manifest, such institution or law *dies*, and its *disappearance* is simply a question of time—time enough to make the necessary arrangements for its suitable interment.

The death of institutions or laws which have long influenced human conduct is, or should be, as sacred and as solemn an event as the death of a man or woman. Let

us handle the corpse gently, tenderly, remembering that the institutions and laws which, from time to time, die and are buried, were once the IDEALS towards which the advance guard of the army of humanity *marched;* to attain which they *fought*—no soldier of humanity counting his life dear unto him if attainment of the IDEAL involved its sacrifice.

Institutions and laws are consecrated; the evils which flow from their limitations and imperfections being more than cancelled by the good which flows from the heroism and self-sacrifice of the soldiers of Humanity who had found Society living upon a *lower plane* and had raised it to the altitude of existing institutions and laws, thereby enabling us to behold a vision of greater beauty, thereby discovering to us a MORE EXCELLENT IDEAL.

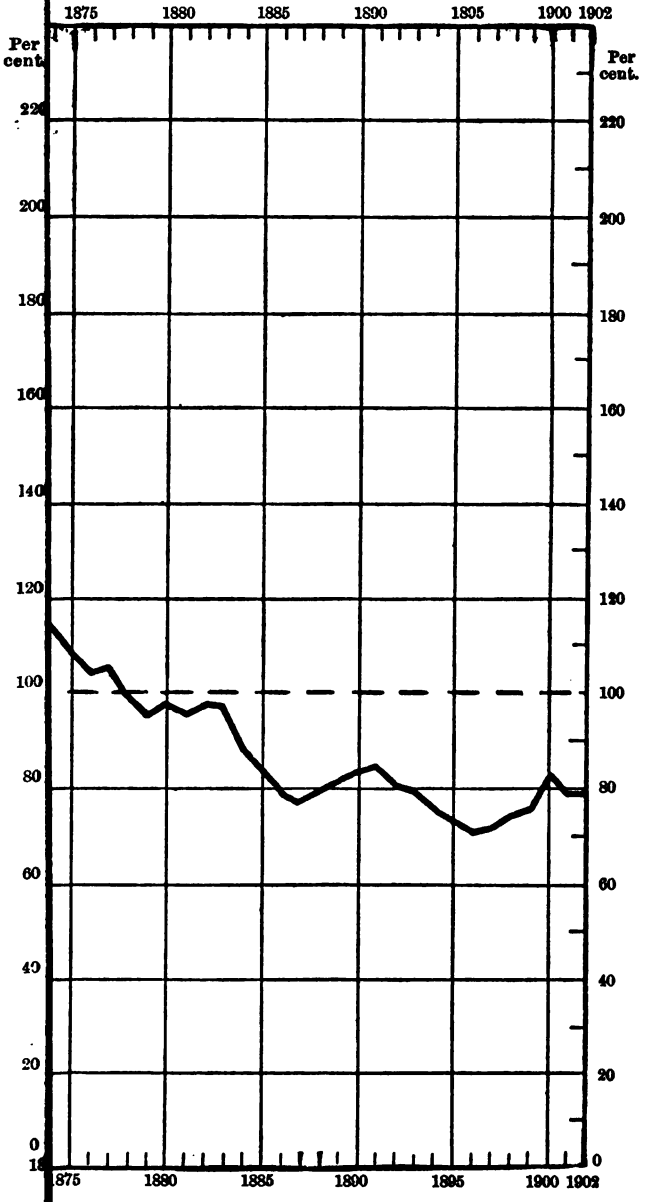
It is true that institutions and laws sometimes apparently struggle on, and strive to continue their existence long after they have ceased to be useful; but it is also true that very often the overthrow, or the alteration, or the repeal of institutions and laws finds us very much unprepared for the exigencies of life under the new or altered conditions. Let us therefore be patient. "Behold the husbandman waiteth for the precious fruit of the earth, being patient over it, until it receive the early and latter rain." Let us also be patient; "knowing that the coming of the 'REIGN OF JUSTICE' is at hand."

"Whoever fights, whoever falls,
Justice conquers, evermore."

"Truly I desire the people's liberty and freedom as much as any whomsoever, but I must tell you that their freedom and liberty consists in having for government those laws by which their life and their goods may be most their own."—*His Most Excellent Majesty* CHARLES *the* FIRST, *at Whitehall, on* 30*th January* 1649.

46–1871, and of the BOARD OF TRADE for 1871–1902.

below the line opposite 100 *in the Chart.*]



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